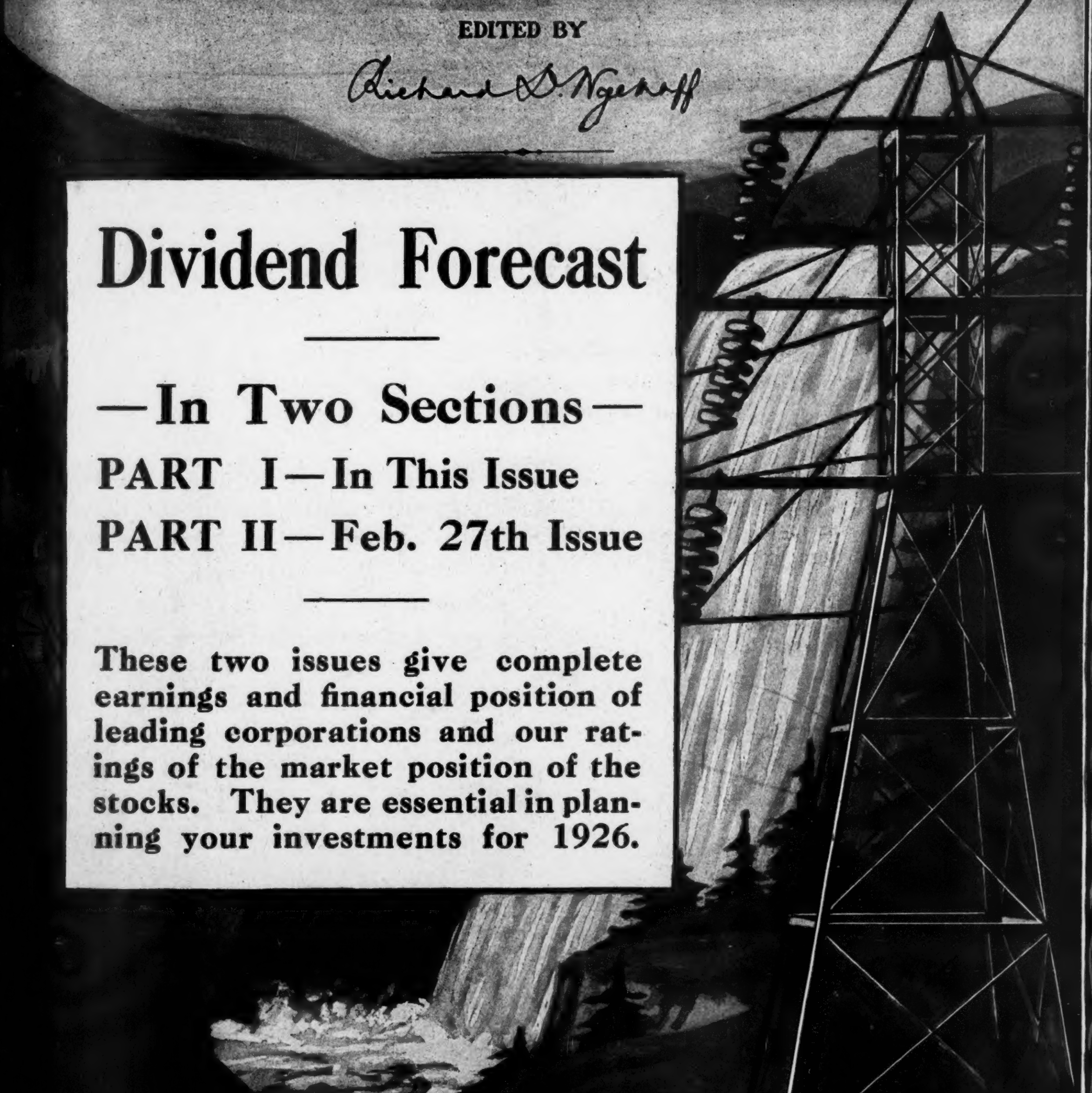
FEB 15 1926

SPECIAL DIVIDEND FORECAST NUMBER

The MAGAZINE of WALL STREET

EDITED BY

Richard D. Wyckoff



Dividend Forecast

—In Two Sections—

PART I—In This Issue

PART II—Feb. 27th Issue

These two issues give complete earnings and financial position of leading corporations and our ratings of the market position of the stocks. They are essential in planning your investments for 1926.

37, No. 8 FEBRUARY 13th, 1926 35c a Copy

Member Audit Bureau of Circulation

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SUBSCRIPTION PRICE, $7.50 a year, in advance. Foreign subscribers please send international money order for U. S. Currency, including $1.00 extra for postage (Canadian 50 cents extra).

TO CHANGE ADDRESS—Write us name and old address in full, new address in full, and get notice to us three weeks before issue you desire sent to the new address.

EUROPEAN REPRESENTATIVES: The International News Company, Ltd., Breams Building, London, E. C. 4, England.

WITH THE EDITORS

Not the Least of Our Functions

IN our January 2 issue we published an article on the Consolidated Stock Exchange describing the drive which the Attorney General of New York is making against that institution, a move which we endorse for reasons more fully given in the article. With only one exception our readers, judging from their letters, approved our position in the matter. The one exception violently attacked us. Incidentally, the writer omitted to sign his name and address.

We take pains to dwell on the sentiments contained in this letter as they give us another opportunity to explain more fully a function of the Magazine which may not be so well understood as some of the others. The letter, aside from other more or less nonsensical remarks, which had nothing to do with the issue, made the statement that we had attacked the Consolidated Stock Exchange because we were influenced to do so by the New York Stock Exchange; also that the Attorney General and his principal assistant in the investigation of the Consolidated were influenced by the same considerations. The Attorney General needs no defense. Neither do we, but to make matters clear, we desire to point out that we have never hesitated to criticize the New York Stock Exchange when in our opinion such criticism was justified. Would the writer of the letter above mentioned say that our criticism of various phases of the New York Stock Exchange had been influenced by the Consolidated?

The fact, as our readers know, is that THE MAGAZINE OF WALL STREET is absolutely independent in its policies. It has never hesitated and never will hesitate to point out abuses in the investment world wherever they exist, no matter who is responsible for them. Its purpose in pointing out such abuses, however, is entirely constructive and is intended for the benefit of the investor. We furthermore feel that it is to the best interest of brokers and others serving investors to see to it that they give the investor a square deal. We believe this makes for greater investment confidence and therefore for better business all around.

We do not feel that our functions end with pointing out opportunities in securities. This our readers are entitled to in any case but they are also entitled to the protection which our editorial columns can give them by pointing out weaknesses where they exist in the investment machinery and suggesting how these situations can be improved.

It is only by such efforts as these that any progress at all can be made. If they result in bringing the broker and the investor closer to mutual confidence and understanding, then our efforts will have been worth while. In any case, we cannot stop to count the cost but must proceed along the lines which our conscience and knowledge indicate as vital and important to the general betterment of conditions in the investment world.

In the Next Issue:

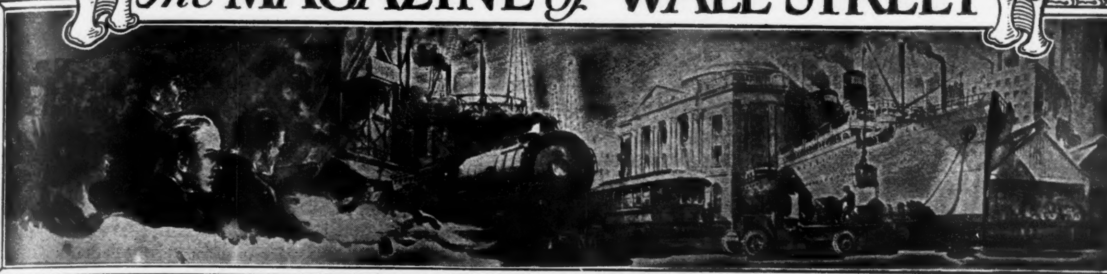
THE utility of the next issue of THE MAGAZINE OF WALL STREET will be apparent at a glance to even the most casual reader. The most important feature is our *Dividend Forecast* of securities in the following groups: Steel and iron; automobiles, accessories and tires: miscellaneous manufacturing and equipment; merchandising; petroleum and mining stocks. These give the earnings and other important data *and our ratings of the market outlook for the stocks.* For value in concentrated form, we believe few articles on investment have ever been superior.

THE sugar industry and prospects for the leading companies in this field are discussed in detail. This set of analyses is of special value at this time on account of the recent tendency toward improvement in the industry. We point out which stocks are in the best position.

ANOTHER interesting feature is: *The Future of Segregation of Railway Properties.* In past segregation, investors have frequently fared very well. This article names the roads which are most likely to segregate their non-railway property in the near future and specifies the cases where this is likely to be of the greatest advantage to present holders.

AT this uncertain stage in the market, it is more important than ever for investors to have reliable counsel. THE MAGAZINE OF WALL STREET continues to pursue its policy of utmost discrimination in selection of securities so that its readers may gain the greatest benefit thereby. Without such counsel, the investor operates at an unnecessary handicap. Why do it when for a nominal sum you can secure the cooperation of the most experienced investment talent in the country?

The MAGAZINE of WALL STREET



EDITOR
RICHARD D. WYCKOFF

MANAGING EDITOR
E. D. KING

INVESTMENT & BUSINESS TREND

An Important Trend in Bonds—Business Still Active—Higher Railroad Wages—Capitalizing Everything—The Market Prospect

DURING the past two months, the bond market has exhibited an unmistakable trend toward higher levels. The average gains in high-grade issues amount to two points but are far more extensive in the so-called middle-grade group. A number of the speculative type have also advanced considerably. A feature is the strength of Liberty bonds without which it would be impossible to conceive a protracted advance in the bond market.

Though money rates are slightly lower, this itself probably has little to do with the growing interest in bonds. More likely the preponderant factor is the increasing amount of switching from speculative stocks to bonds. At any rate whatever reasons are advanced, the fact is that the bond market gives every evidence of being headed for higher levels.

An interesting development was the recent financing of the Commonwealth Edison Co. of Chicago on a 5% basis, issuing bonds with a 4½% coupon rate. This is the first time since the beginning of the war that any public utility company has been able to issue a bond on this basis and seems to herald the fact not only that utility bonds of the best class are reaching the status of gilt-edge rails but that the average yield on sound bonds is likely to decline, which is the same thing as saying that prices of bonds will advance.

It is true, of course, that yields are lower than they have been but it must not be forgotten that not more than ten years ago it was common for the best corporation bonds to sell on not better than a 4-4¼% basis. If, as appears likely, the long-range cycle of money rates is downward, the effect will be to move up quotations of all classes of bonds. That Liberties will sell some day to yield not much more than 3% is not an impossibility. It is this outlook which casts such an interesting light on the bond market at the present time.

RAILROAD WAGES

NEWS that the railway unions will soon put forth a demand for wages to bring back the rates to those existing in 1920 is disquieting, particularly in view of the fact that the roads have just begun to make a good showing. By dint of effective operating economies, rather than by an increased volume of loadings, the roads have been able to better their financial showing. Were wages to be increased even slightly not to speak of being restored to the high 1920 level, it would nullify to a large extent their earnings progress. Future efforts of the unions, therefore, will have to be watched closely as they may exert a great influence on the outlook for this industry, and the others directly dependent on it.

BUSINESS CONDITIONS

PRODUCTION of manufacturing industries during the first month of the year was not appreciably lower than during the previous month, with operations continuing high to fill orders placed during the last quarter of the year. Indicating the high rate of production may be cited the steel industry, a good barometer, which is

operating at nearly 90%. Other industries such as farm machinery, railroad and electrical equipment, lumber, and chemical are becoming even more active than at the end of last year. Railroad carloadings are holding up well, with shipments of merchandise pretty well distributed. As indicated by the Federal Reserve figure of debits to individual accounts, total volume of business is now at its highest point in history. Commodity prices do not reflect this situation, as a general thing, showing a trend that is quite irregular, with advances and declines almost equal in number. Despite this generally fine exhibit, there is a curious note of restraint and caution in the attitude of many business men, who seem to feel that the present high rate of demand and output cannot last much longer.

CAPITALIZING EVERYTHING

TYPICAL of every great year of prosperity and stock market activity, the past year gave birth to a flock of offerings of all types, good and bad. Investors were offered the opportunity, and still are for that matter, to participate in the profits of almost every conceivable kind of industry. Just to mention a few, we cite: electric refrigerating, automobile, steel (foreign and domestic), medicine, candy, paint, business appliances of all kinds, laundry, baking, restaurants, amusements, and scores of others. In many cases, these companies were of such recent vintage that it was impossible to give a record of earnings. Others of more or less dubious financial position were so advertised that the promoters scrupulously avoided mentioning anything that might sound like a balance sheet.

In many cases, the securities were sold to the public at figures which show the imagination of the sellers to have been actively at work. Of course, the better class of houses took reasonable care to see that their clients received at least "a run for their money" and in many cases, these investors fared very well, indeed. But such is not the case with some of the smaller offerings, floated by the smaller and less responsible houses, who were interested only in the amount of profit they could make out of the deal.

Between the limits of new issues, marked on the one hand by sound securities, and on the other by out and out fraudulent securities, there is a large class intrinsically of some value but actually sold far above such value. Such issues can only be sold with success in a period of unrestrained stock market enthusiasm when buyers are less likely to pay heed to realities than hopes. If conditions should turn out less favorably in the next year or so, these less well-secured stocks and bonds would have rather hard sledding. It does not take a long memory to recall what happened to this type of security in 1920-1922. Investors ought not to repeat their mistake in this period but should carefully scrutinize each new issue brought to their attention. There are too many good ones to warrant risking money in the wobbly ones.

MARKET PROSPECT

PUBLICATION of the New York Stock Exchange figures on brokers' loans exerted somewhat of an effect on stock prices. The figure of 3.5 billions, while 1 billion above the nearest private estimate, includes loans on bonds as well as stocks; consequently, it does not give a workable idea as to the amount actually held on marginal stock transactions.

A developing feature of the general situation is the strength in investment securities, particularly in bonds and preferred stocks. This is evidently in response to a growing feeling among investors that they ought to switch out of issues which have had great advances or whose outlook is uncertain into others of a more stable character.

A handful of stocks made large gains during the fortnight but the rest fluctuated back and forth in a rather uncertain manner. Except for strength in a few hitherto backward groups such as the sugars, metals, oils and tractions whose general outlook seems to be improving, the market acts as though it had discounted the present more or less satisfactory conditions in business. A more detailed view of market conditions and an elaboration of what we consider the best policy for investors to follow at this time will be found on page 702.

Monday, February 8, 1926.

Owing to the February 22d holiday interruption, the February 27th issue may reach some of our subscribers a day later than usual.

Fair Play to Stockholders

Many Corporation Officials Respond to The Magazine of Wall Street's Questionnaire Asking for Their Views on Corporate Publicity

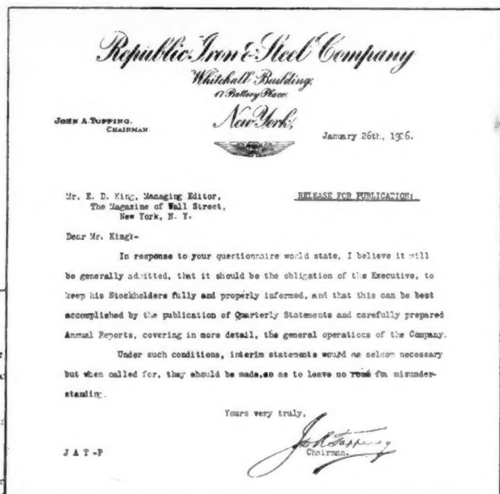
IN our January 30 issue, under the title Fake Official Announcements, we published an article emphasizing the fact that the management of a company should, so far as possible, take its stockholders into its confidence and give them the actual conditions relating to the company's status. This article we sent to the heads of leading companies, asking for their opinion in the matter. The response was immediate, indicating that it is a subject with which most of our representative corporation officials are in sympathy. Several of these responses we publish in facsimile below.

More Information to Stockholders

We believe it only fair to state that while there have been too many occasions in the past when stockholders were misled by statements official or otherwise supposed to reflect the true status of the company's affairs, the number of such incidents has declined, and will probably continue to decline further. A higher standard of what might be termed corporation morality exists today than at any other time in financial history. The number of corporations issuing complete and informative reports is steadily growing. Already all the railroads are compelled by law to publish monthly reports. Many of the public utilities, likewise, either under State regulation or voluntarily are giving adequate information to their shareholders. As to industrial corporations, there is an increasing tendency among them to follow the U. S. Steel Corporation which has been the leader in respect to issuing complete and reliable reports.

More Reliable News

Officials also show a greater sense of responsibility to the public in respect to issuing individual news items. These, on the whole, are becoming reliable and are much more truthful than was the case years ago when officials would issue statements to influence the price of the stock. We do not, of course, believe perfection has been reached. Otherwise, we should not have published our article, but we do believe sufficient progress has been made to indicate a very definite trend in the right direction. Until, however, there is no further need for criticism on this subject, we intend to pursue our usual policy of giving the fullest publicity to conditions which we consider harmful to the investor. This is in the interest of promoting sound conditions in the investment world.



Republic Iron & Steel Company
Whitehall Building,
17 Battery Place,
New York,

John A. Topping.
Chairman.

January 26th, 1926.

Mr. E. D. King, Managing Editor,
The Magazine of Wall Street,
New York, N. Y.

RELEASE FOR PUBLICATION:

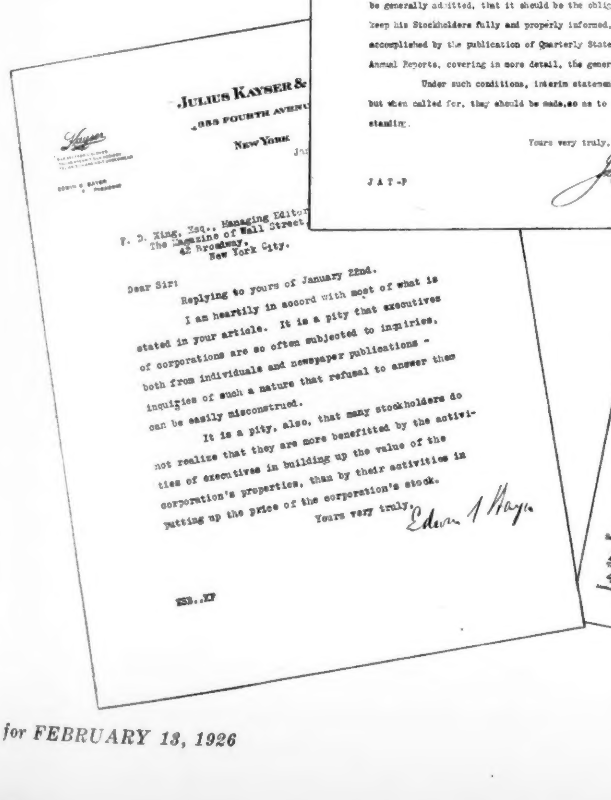
Dear Mr. King:-

In response to your questionnaire would state, I believe it will be generally admitted, that it should be the obligation of the Executive, to keep his Stockholders fully and properly informed, and that this can be best accomplished by the publication of Quarterly Statements and carefully prepared Annual Reports, covering in more detail, the general operations of the Company.

Under such conditions, interim statements would be seldom necessary but when called for, they should be made, so as to leave no room for misunderstanding.

Yours very truly,
Jno. A. Topping
Chairman.

J A T -P



Julius Kayser &
388 Fourth Avenu
New York

Edwin S. Bayer
President

E. D. King, Esq., Managing Editor,
The Magazine of Wall Street,
42 Broadway,
New York City.

Dear Sir:

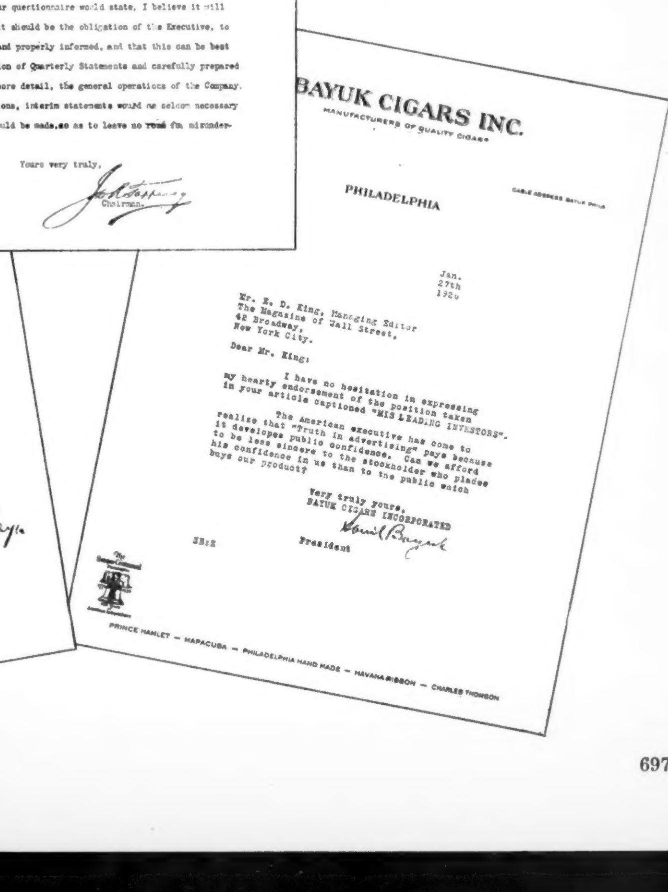
Replying to yours of January 22nd.

I am heartily in accord with most of what is stated in your article. It is a pity that executives of corporations are so often subjected to inquiries, both from individuals and newspaper publications - inquiries of such a nature that refusal to answer them can be easily misconstrued.

It is a pity, also, that many stockholders do not realize that they are more benefitted by the activities of executives in building up the value of the corporation's properties, than by their activities in putting up the price of the corporation's stock.

Yours very truly,
Edwin S Bayer

ESB..KP



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MANUFACTURERS OF QUALITY CIGARS

PHILADELPHIA

CABLE ADDRESS BAYUK PHILA

Jan.
27th
1926

Mr. E. D. King, Managing Editor
The Magazine of Wall Street,
42 Broadway,
New York City.

Dear Mr. King:

I have no hesitation in expressing my hearty endorsement of the position taken in your article captioned "MIS LEADING INVESTORS".

The American executive has come to realize that "Truth in advertising" pays because it developes public confidence. Can we afford to be less sincere to the stockholder who places his confidence in us than to the public which buys our product?

Very truly yours,
BAYUK CIGARS INCORPORATED
Samuel Bayuk
President

SB:S

PRINCE HAMLET — MAPACUBA — PHILADELPHIA HAND MADE — HAVANA RIBBON — CHARLES THOMSON

How Our Foreign Loans Are Censored

Does This Mean Greater Protection to American Investors?

This article explains what is so little known to investors that Washington exerts a tremendous influence in our foreign loan flotations. No foreign loan can be floated in this country today without the Administration's approval. How this tremendously important development came about and its practical workings are described by Mr. Theodore M. Knappen in this article.

WE were talking about the wisdom, from a national point of view, of pouring so much American capital into all sorts of cats and dogs of foreign loans.

"My own view," said the great banker, "is that we are making a great mistake in putting our foreign investments so much in bonds and so little in ownership of industry. If our money were going into the ownership of plants, instead of mortgages on them, the international settlement problem would not be so acute in a few years. Bondholders may demand their principal back, whereas the shareholder has no such right. It might be very awkward, you know, to have American owners of foreign bonds suddenly unite in demanding payment in full, and with no other Americans to take refunding bonds.

"But, really, I must ask to be excused from quotation on matters of that sort. We can't make a move in the matter of public flotation of foreign investments without consulting the authorities at Washington, and I get the impression from them that they expect us to do mighty little talking about the projects they consent not to object to."

"So Wall Street receives the homage and submission of Main street," I remarked, "but in turn 'crooks the pregnant hinges of the knee' to Executive avenue, 'where thrift may follow fawning.'" I commented.

"We daren't move a finger without the consent of that little street," was the answer.

When I got to Washington, I took a pensive survey of the narrow way that separates the Treasury from the White House and the Department of State. More potent than Downing street, the Quai d'Orsay and Unter den Linden, rolled into one! The political and financial power of the nations, blended by dollar diplomacy. And at the central switch of the power house (it's white) sits a lawyer from Northampton, Massachusetts, and with him are a banker from Pittsburgh, Pennsylvania, an engineer from Palo Alto, California, and another lawyer, from St. Paul, Minnesota. Nobody from Wall Street!

"These plain citizens of a Republic," I mused, "now hold more real and extensive imperial power than all the captains, conquerors, absolute monarchs and scheming diplomats of all time. Their battalions are not in uniform or terrifying in aspect; they are the dollars of the American investor; but the four are nearer, perhaps, to universal dominion than has been any power since Rome yielded to time."

The first manifestations of the new dominion came of course in those mad days of the Great War, when Executive avenue decreed that the American investor should throw the might of his weight on the side of the Allies, and seven billions of his mighty money deployed on the parade ground of their commissaries.

The second and current phase, the momentous one that may persist and grow for an indefinite period, began in the fall of 1921, when a number of investment bankers were called to Washington for a conference with the President and Cabinet and were advised, very gently, that the American government expected to be consulted regarding all foreign loans publicly offered to American investors.

As not all of the bankers recognized that there was steel inside the glove; the revealing grip was applied March 3, 1922, in these words of a so-called "press release" issued by the Department of State:

> "Subsequently (to the above mentioned conference) the President was informed by the bankers that they and their associates were in harmony with the Government's wishes and would act accordingly.
>
> *"The desirability of such co-operation, however, does not seem sufficiently well understood in banking and investment circles.*
>
> "The Department believes that in view of the possible national interests involved, it should have the opportunity of saying to the underwriters concerned, should it appear advisable to do so, that there is or is not objection to any particular issue."

This remarkable document, issued (as it frankly intimates) without any warrant of law, has since

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A Defense of Our Foreign Loans Policy*

By DR. ARTHUR N. YOUNG,

Economic Adviser of the Department of State

It should be clearly understood that the Department of State has no express legal relation to the flotation of foreign loans in the American market, nor is it believed that legislation on the subject is called for. The policy of the Department rests on the "possible national interests involved." It is obvious that loans to foreign governments by American investors constitute transactions of a special sort. Agreements for the flotation of foreign loans are essentially of a public character. Their effect upon the political and economic relations between the United States and the foreign borrowing country may be far reaching. One country might borrow in the United States to build a warship or to equip its army for aggression against a friendly neighbor. A Government which states it is unable to make payments upon its indebtedness to the Government of the United States might seek to borrow for unproductive purposes. Or American interests might propose arrangements involving the possibility of economic exploitation and which would be likely to prejudice good relations between the United States and a particular country. These and other circumstances that might arise illustrate the importance of giving the Department of State opportunity to consider proposed loan transactions before they are consummated. I may add, in this connection, that the Department of State enjoys the close co-operation in this matter of the Treasury and the Department of Commerce, which it makes a practice to consult regarding proposed foreign loans.

*Statement before the Institute of Politics.

---

been as minutely observed by our great banking houses as the criminal law is obeyed in England.

Early in 1925, it was supplemented by a general informal decree, equally without authority of law, boldly placing a tight loan embargo *on all nations* not meeting the requirements of the United States regarding their "political debts." The Government, according to the Treasury version (Secretary Mellon's report for 1925, page 54):

". . . decided that it was contrary to the best interests of the United States to permit foreign governments which refused to adjust or make a reasonable effort to adjust their debts to the United States to finance any portion of their requirements in this country. States, municipalities *and private enterprises within the country concerned* were included in the prohibition. Bankers consulting the State Department were notified that the government objected to such financing. While the United States was loath to exert pressure by this means on any foreign government to settle its indebtedness, and while this country has every desire to see its surplus resources at work in the economic reconstruction and development of countries abroad, *national interest demands that our resources be not permitted to flow into countries which do not honor* their obligations to the United States and through the United States to their citizens."

There is the whole documentation of Washington's financial dictatorship—as absolute in the occupied realm as Mussolini's in his, with the difference in favor of Mussolini that he did have the grace to make his parliament spread his decrees on the statute books of Italy.

I do not argue that the policy is morally or legally wrong or financially harmful; indeed, I rather sympathize with it in principle. An effort is merely made here to show that without act of Congress a process has begun—a precedent established—that may lead to undreamed of goals, to a new empire of world power founded on American dollars. Washington has thrown Wall Street into the balance of power. It has assumed direction of the greatest international power today, American credit.

The new policy, especially the 1925 codicil, has been wonderfully efficacious. Under the menace of exclusion from the benefits of American credit, both for themselves and their nationals, every debtor nation that had not previously adjusted its affairs, applied to the central throne of financial grace during 1925, and all that came "did business" except France. And France is doing penance. The fructifying flood of American gold flows over all the world but France. Germany, German states and cities—latterly somewhat frowned upon, however, as being "nonproductive"—German steel and iron, German chemical industries, German anything, are revived and invigorated by it. Austria, Poland, Esthonia, Latvia, Jugoslavia, Italy, Belgium, the British colonies and Dominions, South America, Japan—all are correct and good, and get their bonbons and allowances; but Marianne France withers and shivers in the cold whilst summoning courage for the inevitable submission.

Once it felt the steel of Executive avenue, Wall Street (meaning the banking houses of security issue) repudiated its brief contumacy. The Secretary of State is now the undisputed head of the foreign loan office of every American banking house. Wall Street, figuratively speaking, stands hat in hand, smirking and bowing, while Mr. Kellogg thinks it over. And sometimes he makes Wall Street wait a long time —and sometimes, forever; but lack of

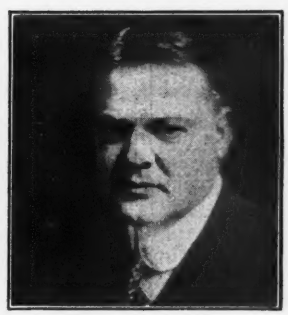
(Please turn to page 758)

A Small But Powerful Governmental Group That Has a Say in Foreign Loans Now Floated in This Country

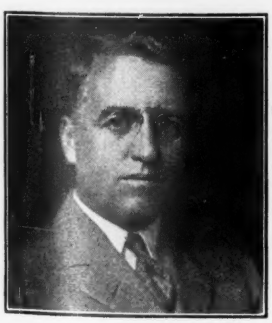
Calvin Coolidge
President of United States

Frank Kellogg
Secretary of State

Andrew Mellon
Secretary of the Treasury

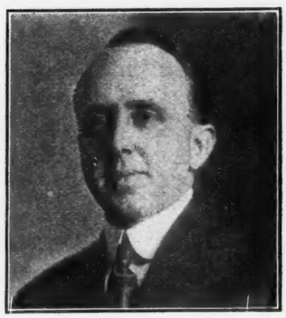


Herbert Hoover
Secretary of Commerce



Gerrard **Winston**
Under-Secretary of the Treasury

Leland Harrison
Under-Secretary of State



Grosvenor Jones
Chief, Division of Finance and Investment, Dept. of Commerce

Julius Klein
Chief, Bureau Foreign and Domestic Commerce

Is the Non-voting Stock a Real Danger to Investors?

Drawing a Red Herring Over the Trail of Investor Protection

By WM. J. BLECH

Investors have been deeply stirred by the recent agitation against the non-voting type of stock. In this article, exception is taken to hasty criticism which assumes that non-voting stocks are inherently undesirable. Every investor owes it to himself to read this illuminating discussion.

WALL STREET has been agog over the attack on the recent tendency for corporations to issue non-voting stocks which was leveled by Professor Ripley of Harvard. As is usual when a brilliant man sums up what thousands have partially thought out, his charges were accepted at pretty much their face value. Almost immediately the New York Stock Exchange took cognizance of the situation.

However, here and there a voice has been raised against his conclusions. In fact, Professor Ripley himself has modified many of his rigorous phrases. Still the public has hearkened to his principal position and not to his exceptions.

It is the deliberate opinion of the writer that any attempt to concentrate on voting power as the *sole* protection to the stockholder is a step in the wrong direction. It is vital, of course, that the stockholder be protected. It is highly important that the present situation in which he remains more or less exposed to a multitude of avoidable losses be cleared away, and be cleared away soon. But what is needed to effect this protection must be weapons of demonstrated efficiency. Fortresses do not yield to bows and arrows. Intrenched stock abuses in gigantic corporations cannot be coped with by antiquated methods suitable only to tiny corporations in a primitive state of development.

There are those who may consider the voting privilege important, but they do so because of a chain of theories rather than facts arising from actual experience.

The investors of this country do not consider voting power important. This is because of their actual experience. Voting and non-voting stocks of the same company, otherwise similar, will scarce differ by a hair's breadth in their market quotation. Very often the non-voting stock will sell higher. Now the whole body of American investors know what they want. They pay premiums for greater security, they pay premiums for preferred position, they pay premiums on investments for a multitude of sound reasons. But this body of investors will not pay a premium for the privilege of voting. *They will not cast a dollar vote for votes.* Edmund Burke long ago said that no one could be a better judge of its interest than a community as expressed in its collective opinion. Since, then, voting rights are not considered valuable by the investing public they may be dismissed as a matter of more or less theoretic interest. The true protection of the investor will lay in proved methods and not in methods dependent upon a theory which in turn is dependent on a financial structure of the remote past.

There are weighty reasons why investors have taken the attitude they have. In the first place, investors do not distinguish much between a bondholder and a stockholder. True, bondholders are lending money to a corporation, and are creditors, and stockholders are partners. In many important respects this theory remains true. But the greater number of investors do not think that way. They simply put money into an enterprise, either for income or capital gain or both. Very many have their holdings so scattered that while *collectively* they may be large, *distributively* they are small. That is to say in any given company their economic stake is not sufficient to compensate them for a great deal of time devoted to the interests of that company.

This is exactly what has happened in politics. The New England town meeting was a perfect democracy with rotation in office as a rule. The numbers were few, the interests few, and the leisure abundant. Now we have an organization like the United States government. The numbers are many, the interests many and complex, and every man so pre-occupied with his own affairs as to devote his fatigue rather than his interest to affairs of state. The consequence? Half the population does not vote. The remainder principally vote in two or three crystallized forms. A few of them direct. Government passes from unwieldy legislatures to wieldy committees. Nor is there any other direction this can take. A historical tendency must be respected. History moves and consults no man. Financial history has moved in the direction of centralized power for tremendous and unavoidable economic reasons. To stay its advance with formulas is like King Canute bidding back the waves of the North Sea.

Economic tendency will out. Suppose non-voting stocks are prohibited. Well and good! Voting trusts will multiply.

Suppose voting trusts are curtailed. Holding companies will appear.

Suppose holding companies are discouraged. Investment Trusts will provide the mechanisms for those who control.

For power will inevitably remain where

economic power is. It is suggested that stockholders be given the right to vote when some obvious dramatic change takes place, such as a great loss, or breakdown of surplus. That is like locking the barn doors after the horse has been stolen. What is really wanted is to lock the doors before the horse is stolen.

The critics of non-voting stocks declaim that power and responsibility must go together. So they must. But the question is how to make those in power responsible. It begs the question to use this formula and then triumphantly answer "voting stock." That is just what is not likely to happen. For many generations non-voting stock was unknown. Were not the plunderings and lootings of companies a commonplace? To this day nine-tenths of companies have voting power. Yet the cry for remedies for abuse is as lively with these companies which have voting power as with those where the public has no voting power.

As a matter of fact the only time that a stockholder's vote is very important is when two groups of rich men, whether bankers or industrialists, are struggling for control. Like the Roman "citizen" he can choose between two dictators. In either case he may be at the mercy of the victor. The right to elevate one of two groups to power over oneself is the utmost that voting power can do in large corporations for the small stockholders. Professor Ripley and his allies are welcome to this power. It is not in reality what the stockholder demands.

A great many weaknesses are cited of "banker control" and "self-perpetuating directorates." It is stated that a good management may become flabby, and the original strength pass out of the company. But all such tendencies must be exhibited in the true condition of the company affected. Hence such a condition can be cured once it is known.

Critics of the non-voting stock have suggested alternative remedies besides that of voting. They cite constantly the success of Interstate Commerce Commission control over the railroads. They further cite Public Utility operating company control by various public service commissions in the several states. In a sense they are right in citing these two instances. But immediately they jump to the conclusion that regulation by some such body as the Federal Trade Commission is the proper method of compelling publicity on the part of industrials, etc. Here they commit a great error.

Railroads and public utilities enjoy both franchises and to a great extent monopoly powers conferred by law. A great part of their wealth is the direct creation of the state. Where the state has conferred a privilege upon any corporations, there it has a perfect right to treat such corporations as quasi-public undertakings and to examine whether the trust it has imposed in them has been justified. But to regulate private capital through the myriad strands of industry is to introduce a disturbing and corrupting influence. Regulation would conjure up many more problems than it would solve. It is a direct violation of the spirit of the property system under which we live. What is worse it would be ineffective.

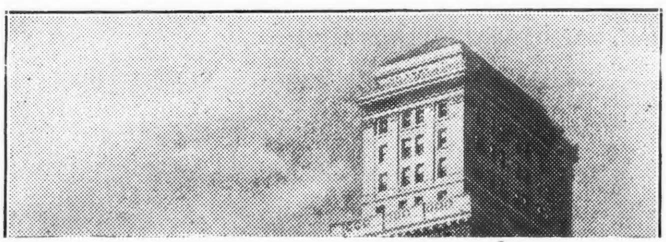
There are two true remedies. The first is adequate protection at law and in equity. The stockholder's rights must be jealously protected at every turn. Nor must this protection be confined to the letter of the statute. It must be reflected in procedure as well as in law. In other words, not only must it be remembered that a stockholder has rights, it must also be remembered that he is often poor. Much has been said upon the liberalizing and the cheapening of such procedure by men such as Elihu Root and William H. Taft. In a court of law or equity the stockholder is supreme. Here he faces no packed meetings, no dummy majority. Here his little voice is as mighty as that of kings. Once procedure in stock cases is made cheap and expeditious, and the law strengthened against fraud and abuse, so soon will all concrete evidences of mismanagement be brought to the bar.

It would also be useful to follow British procedure and permit minority representation to stockholders on the board of directors and/or managing board.

But there is one remedy far greater than that of law. Law can take cognizance only of overt acts. Publicity can reveal weakening tendencies in the business and standing of a company. *The weapon of publicity of company accounts is the true protection of the investor.*

Railroad securities owe much of their favor not so much to regulation as to publicity. Operating public utilities in many states

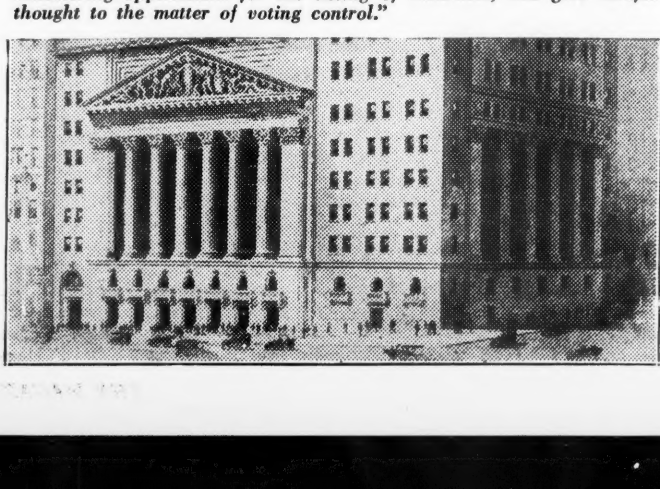
(*Please turn to page* 742)



What the New York Stock Exchange Plans to Do About "Voting Control"

"The Committee on Stock List has for some weeks had under consideration certain tendencies in modern corporate organization of which the committee considers that it should take cognizance. One of these tendencies has to do with the creation of two classes of common stock between which the only substantial difference lies in the fact that one class votes while the other class does not.

"Without at this time attempting to formulate a definite policy, attention should be drawn to the fact that in future the committee, in considering applications for the listing of securities, will give careful thought to the matter of voting control."



What One Hundred Per Cent Market Judgment Would Call for Now

How the Judgment-Perfect Investor Would Handle the Situation

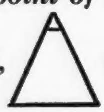
SO many people are building inverted pyramids in the stock market, which is the reverse of what they should do, that it behooves both traders and investors to make a general survey of the situation at this time. Such a survey would include not only the present position of the market, but their own method of operating or investing and their plan for completing the bull campaign. It is also of interest to decide whether the wind-up of such operations shall be voluntary or involuntary; that is, will the closing out process be done deliberately on orders given while prices are within hailing distance of the theoretical top, or will the finish be due to margin calls by brokers and the selling due to necessity or compulsion.

With nearly forty points added to the former average price tops in previous years, we have an entirely new market structure and position to deal with, and that is one of the elements that go to make the stock market such an interesting study—its constant tendency to change its character. Generally speaking, the market is 'way up in the air and when split ups and stock dividends are considered it is even higher than it looks. Obviously it cannot continue going up indefinitely. All are agreed that it must stop at some point or other; but when?

Getting Farther From Its Base

This market differs from all previous bull markets in the extent and duration of its rise without more drastic and more numerous interruptions or reversals of trend. But like Napoleon as he approached Moscow, it is getting farther and farther from its base, and therefore whether we can see it or admit it the price structure is weakening. There is nothing that one can put his finger on as an indication that it will stop here or there. Continued growth in earnings, increases in dividends, expansion of business and other main factors if they proceed as they have for the past year, will undoubtedly lead to higher prices at least in some stocks. As indicated in our issue of January 30th, page 604, 80% of the listed stocks made gains running only from 1 to 20% over their prices at the beginning of 1925. Less than 20% of stocks then listed showed gains of 20% or more for that year. Hence, it should be considered a bull market in certain spots, and in this way again it differs from its predecessors. Of course, it is possible for a good part of this laggard 80% to come forward and re-enforce the showing already recorded, but it seems reasonable that they may have lost the best opportunity.

As an example of what has been going on in this market, let me cite the case of a man who started in 1924 with a margin of $3,000. Just before the break of November, 1925, he was carrying $5,000,000 worth of stocks with an equity of $2,000,000, all of which had been built up out of his pyramiding in stocks like Chrysler, American Can, and others which have since been the big movers. His attitude at that time was that he had Wall Street by the tail. No doubt the November decline, which was severe in many of the stocks he held, reduced his optimism as well as his margin, and our hope is that he got out or will get out with something to show for his original $3,000. But he is only a type. Every brokerage office in the country can point to the accounts of clients who ran shoestrings into boots and who have not yet sold the boots. That is one of the weak points in this market, considering its altitude.

When the market turns, will it take a slice off the topmost point of your security holding pyramid,  ***or what should be its proper base, namely, the broadest part of it?*** 

Theoretical Long Position

Regardless of the amount of brokers' loans shown by the Federal Reserve reports, stocks in enormous quantities are still being carried by banking institutions throughout the country. These are practically marginal accounts, although they appear as collateral loans in banks' portfolios. The aggregate of these securities added to what are held in safe deposit boxes of individuals, corporations, banking institutions and estates, less the number of shares of all those who are short, forms the theoretical long position. Compared to this the short interest, large as it may sometimes appear to Wall Street, is hardly worth talking about as a stock market factor.

So there we have the picture: Millions of people holding hundreds of millions of shares at the approximate top of the greatest bull market in history and nobody able to say when it will stop or whether it has already come to an end.

The reason we have had such a continuous and extended advance is that there have been during the past nineteen months no influences powerful enough to produce a general decline; but it is absolutely certain that such factors will arise and every week of the market's progress upward brings that day nearer. That is why it is so important for people who are pyramiding to consider, or rather, reconsider the policy which they have been following up to now. The usual sources from which danger to the market structure emerges are related to the money situation, the business or political outlook; but in view of the present wide belief in the action of stock market as a business barometer, the danger may come from the technical situation. While the buying capacity of the public seems unlimited, the time is coming when it will be completely saturated either by reason of an overbought condition which is threatening, or a reluctance of those who have money to make further ventures on the long side. At that time technical influences might form the first domino that pushes down the whole line. A technical decline might be of small proportions at the beginning and temporarily correct the unstable market position, but that decline might lead to further hesitation on the part of potential buyers of stocks and in consequence less support on the second dip than on the first. The apparent weakness might readily lead to caution on the part of business men. Caution might merge into fear. Fear readily affects buying, employment, wages, purchasing power, and eventually output.

The operator or investor with perfect judgment would not fail to recognize these possibilities of danger, in view of which he would surely be tapering off the quantity of his common stock holdings by selling on the strong spots until such a hundred per cent expert would sell his last hundred shares of long stock on the day when the general averages recorded the high point of the whole bull market. His pyramid, therefore, would be the reverse of those which are now so prev-

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FOURTEEN AMERICAN INDUSTRIES

SHOWING IN WHAT PROPORTION, PROFITS OF LEADING INDUSTRIES DEPEND UPON COST OF MATERIALS AND WAGES

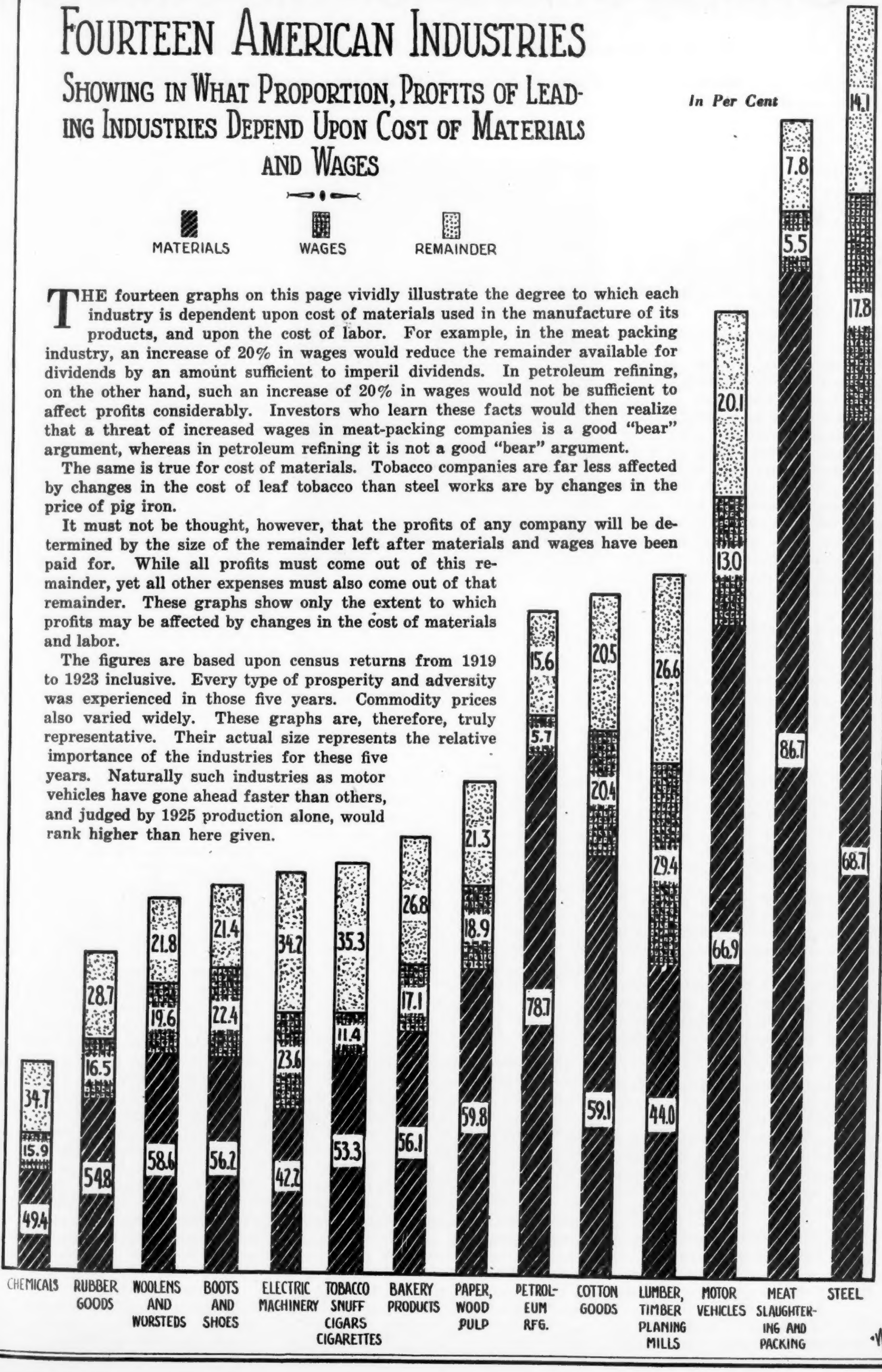
MATERIALS WAGES REMAINDER

THE fourteen graphs on this page vividly illustrate the degree to which each industry is dependent upon cost of materials used in the manufacture of its products, and upon the cost of labor. For example, in the meat packing industry, an increase of 20% in wages would reduce the remainder available for dividends by an amount sufficient to imperil dividends. In petroleum refining, on the other hand, such an increase of 20% in wages would not be sufficient to affect profits considerably. Investors who learn these facts would then realize that a threat of increased wages in meat-packing companies is a good "bear" argument, whereas in petroleum refining it is not a good "bear" argument.

The same is true for cost of materials. Tobacco companies are far less affected by changes in the cost of leaf tobacco than steel works are by changes in the price of pig iron.

It must not be thought, however, that the profits of any company will be determined by the size of the remainder left after materials and wages have been paid for. While all profits must come out of this remainder, yet all other expenses must also come out of that remainder. These graphs show only the extent to which profits may be affected by changes in the cost of materials and labor.

The figures are based upon census returns from 1919 to 1923 inclusive. Every type of prosperity and adversity was experienced in those five years. Commodity prices also varied widely. These graphs are, therefore, truly representative. Their actual size represents the relative importance of the industries for these five years. Naturally such industries as motor vehicles have gone ahead faster than others, and judged by 1925 production alone, would rank higher than here given.

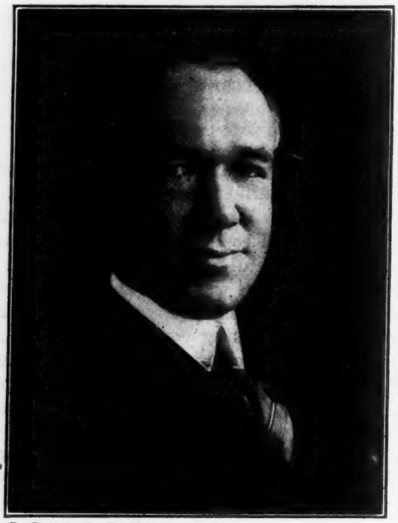


A Critical Period for the Railroads

Progress Depends on Ability to Finance Their Requirements with Stock—Some Interesting New Sidelights

By WALTER S. CASE

The author of this article has the reputation of being one of the closest students of railroad affairs in the country. As such, his article bears the stamp of the highest authority. As a director of Southern Rwy., Mr. Case has been instrumental in bringing about a wider appreciation of the remarkable progress of this road.



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THE improvement of the service rendered by the railroads in the past five or six years is very marked. During the past twenty years our railroads have been through a most trying period. Unsound financial management, bitter political attacks, severe regulation, receiverships, strikes, chaotic government operation and traffic congestion—all have set up most difficult problems. Most of these handicaps are things of the past but the railroads must still find the means to finance the facilities which future traffic growth will require.

The history of railroad growth in this country shows that traffic increases at a faster rate than the increase in population, agricultural production, or manufacturing output. This tendency of railroad traffic to outstrip growth in other lines is shown by the following figures:

Percentage Increase 1923 *Over*	1899
Population	48
Agricultural Production	38
Mining Output	236
Manufacturing Output	177
Railroad Ton Miles	235

Even if railroad traffic shows a slower rate of growth in the next decade than it has in the past there will still be an ever increasing demand for railroad service.

The question which now confronts the American people and upon the proper solution of which will depend the future prosperity of the country to a considerable degree, may be thus stated:

> Shall our railroads be permitted to develop and maintain an earning power sufficient to enable them to compete with other industries for new capital so that they may be able to maintain their present standards of service and to expand their facilities *with* the growth of the country?

An answer to this question must speedily be found if our railroads are to continue to render the efficient service which they gave during the past year.

Within the past six years the railroads have expended about four billion dollars for improvements and extensions. Such expenditures have brought about economies in operation which have enabled the railroads to reduce their costs and at the same time render a better service than at any time in their history. The improvement in operating efficiency since 1920 is shown by the following statistics of car service. It will be observed that the railroads have succeeded in bringing about better loading and faster movement of freight cars. This results in lower unit costs of operation with resultant improvement in earnings and better service to shippers.

Record of Freight Train Performance

	1921	1922	1924	11 mos. 1925
Car miles per car day	22.4	23.5	26.9	28.4
Cars per train	38.4	38.5	41.9	43.9
Net tons per train	651	677	718	747
Net ton miles per car day	389	424	473	494
Pounds of coal consumed per 1,000 gross ton-miles	162	163	148	139

This great improvement in service has relieved the country from the possibilities of traffic congestion which laid a heavy burden on business in past years. Shippers will not soon forget the costly embargoes and delays in such years as 1917-18 and 1922. In the winter of 1917-18, after we had entered the war, there was a great rush of goods to the seaboards and the railroads became badly tied up. The congestion was so great in New York and vicinity in December 1917 that within a radius of three hundred miles car loads of materials and finished goods of every description as well as fuel, lumber and steel were at a standstill. The shipment of supplies to our allies and our own troops were seriously interfered with, and in fact almost caused us to lose the war. In 1920 and again in 1922 there were further periods of car shortages. Farmers suffered severe losses through their inability to move their crops to the consuming centers. The disastrous effects of this broken and inadequate transportation was described as follows by Mr. Julius H. Barnes, then president of the Chamber of Commerce of the United States:

> *"For almost the entire month of October, grain could be bought daily in Buffalo, brought that far by available water transport, at a price which would readily pay double to the railroad tariff rate to move it the 48-hour trip to the Atlantic seaboard. It could not move because the railway equipment was absolutely lacking and the prices available to the western seller fell sadly away from the seaboard and foreign market basis. In the same month the price of farmer corn in Nebraska sank to under thirty cents per bushel, while at that very hour the dairy farmer of New England frantically and vainly bid far over transportation costs for the same corn delivered in his bare storehouse. This lack of ready movement spells unbearable operating costs to the dairy farmer and disaster to the western farmer. Yet there are those who claim to have the interests of the farmer at heart, who can see no strengthening of the farmer's position except through legislative reduction of rates with the curtailment of income and of credit—the same publicly regulated inadequacy of income which had produced the condition of inadequate transport which scarcely more than twelve months ago caused the farmer many times any possible reduction."*

Prompt and efficient railroad service is coming to be recognized as essential to the real and lasting prosperity of all classes. Railroad rates today are extremely low in view of the value of the service rendered. As a matter of fact railroad rates have been showing a declining tendency as compared with the costs of almost all materials and other service. Railroad operating expenses between 1920 and 1925 were reduced by about $1,255,000,000 in spite of a somewhat greater freight traffic. More than half of this saving was passed on to the shipping public in the form of reduced freight rates. The Bureau of Railway Economics estimates that between the beginning of 1921 and the end of 1925 the average receipts per ton per mile declined from 1.275 cents to 1.094 cents or nearly 15%.

But freight rates are not as an important factor as certain politicians and groups of shippers claim. The level of freight rates today is low as compared with the general level of commodity prices. Since 1897, wholesale commodity prices have advanced 40% more than freight rates. Since 1913 prices have risen 60%, wages 92% and freight rates only 55%.

Studies of prices of various agricultural commodities made by the Bureau of Railway Economics have shown that the fluctuation in market price often exceeds the total freight

rate paid. Freight rates are absorbed by the consumer and have very little ultimate effect upon prices received by the producer or manufacturer. These prices are governed by world-wide conditions of supply and demand, as well as marketing conditions in various localities. Quick transportation of products to their natural markets is of much greater importance to farmers or manufacturers than any possible saving through lower freight rates.

In the annual report for the year ending June 30, 1925 of the Department of Commerce, the following statement was made in regard to present railroad service:

"One of the most important contributions to the elimination of national waste has been the remarkable improvement in railway transportation during the past five years. The first factor in that improvement was the provision of adequate transportation itself. The periodic car shortages of many years past have practically disappeared although the tonnage loaded has increased more than 25% since 1921 . . . . .

Some very important economic effects have resulted from full, prompt and reliable delivery of goods. The necessity of carrying large stocks as a protection against transportation failure has largely disappeared and in consequence the capital required in the Nation's distribution has been considerably reduced. Scarcely a single retail house is today carrying as large stocks in proportion to turnover as formerly."

It is estimated that within the next ten years, railroad traffic will show an increase of from 25% to 33%. The railroads must plan ahead to take care of this natural increase and must spend at least eight hundred million dollars per year for the next five years. Possibly two hunderd million dollars of this amount may be put back into the property from yearly earnings. This would leave approximately six hundred million dollars a year, or a total of three billion dollars in five years to be raised through new capital.

The railroads cannot continue indefinitely to be borrowers. Constant addition to bonded indebtedness will steadily reduce the margin of ownership capital which the lender looks upon as security and on account of which he accepts the comparatively low return. If this margin of safety becomes inadequate, it will be difficult to sell bonds at a low rate of interest, not to speak of the impossibility of selling additional stock. It therefore becomes clear that the railroads must be able to improve their credit to a point where they can compete in the open market for additional partnership capital. They should be able to raise approximately one and one-half billion dollars through the sale of stock within the next five years.

Since 1920, the railroads have been in an unfavorable competitive position with public utilities and industrial companies for obtaining new capital through the sale of stock. During the period from 1920 to 1924 inclusive, public utility and industrial companies were able to finance about 30% of their capital requirements through the sale of stock, while the railroads were able to secure only about 4.5% of their requirements through stock issues.

The general trend of railroad earnings is now definitely upward and business, economic and political conditions are shaping themselves more and more in favor of railroad prosperity. The margin of safety on railroad stocks is increasing as earnings increase, while at the same time the yields on railroad stocks are attractive as compared with the present yields on representative industrials and public utilities. This is shown by the accompanying table giving yields on representative stocks in these three classifications. Ten public utility stocks, according to this table, give a dividend yield of 4.9%, while the percentage of earnings to market prices is 7.6%. Ten industrial stocks give a dividend yield of 4%, while the percentage of earnings to market prices is 8.4%. Ten railroad stocks give a dividend yield of 5.80%, but the percentage of earnings to market prices averages 12.9%.

It is thus seen that representative railroad stocks give a yield of almost 1% better than public utility stocks and almost 2% better than the ten representative industrial stocks. Furthermore, the percentage of earnings to market prices runs much higher in the case of railroads than in the other two classifications. ***It is evident that good railroad stocks at***

(Please turn to page 746)

Market Value of 10 Railroad Stocks Compared with 10 Industrials and 10 Public Utilities

10 Public Utilities	Recent Price	Est. †Earnings 1925	Dividend Paid	Dividend Yield	Percent Earnings to Market Price
Amer. Tel. & Tel.	143	$12.00	$9	6.3%	8.4%
Amer. Wat. Wks. & El.	72	4.00	1.20 & 2½% Stock	*4.2	5.6
Brooklyn Edison	136	12.70	8	5.9	9.3
Col. Gas & Elec.	86	5.50	2.60	3.0	6.4
Commonwealth P. (new)	41	2.70	1.60	4.0	6.6
Consol. Gas, N. Y.	98	9.00	5	5.1	9.2
Detroit Edison	135	10.67	8	5.9	7.9
Elec. Bond & Share	81	6.00	1	1.2	7.4
People's Gas	125	11.50	8	6.8	9.2
Public Service, N. J.	87	b6.45	5	6.3	7.4
Average				4.9%	7.7%
10 Industrials					
American Can (new)	48	4.66	2	4.1	9.7
Reynolds Tob.	95	7.44	4	3.9	7.8
Genl. Electric	336	25.00	8+5 Special Stock	3.9	7.4
Int. Harvester	127	15.00	5	3.9	11.8
National Biscuit	85	5.40	4	4.7	6.4
Pullman Co.	170	(a)12.68	8	4.7	7.5
Sears Roebuck (new)	57	5.25	2.50	4.4	9.2
Standard Oil, N. J.	44	4.50	1	2.3	10.0
U. S. Steel	135	(b)12.82	7	5.2	9.6
Woolworth	210	9.46	4	1.9	4.5
Average				4.0%	8.4%
10 Railroads					
Atchison	132	18.00	7	5.3	13.6
Penna.	53	5.95	3	5.7	11.2
Balt. & Ohio	90	12.10	5	5.6	13.4
Great North. pfd.	75	(a)9.70	5	6.7	12.9
Ill. Central	118	14.00	7	5.9	11.9
Louis. & Nash.	132	16.00	6	4.5	12.1
N. Y. Central	128	(a)19.00	7	5.5	14.8
Southern Pacific	101	9.77	6	5.9	9.7
Southern Railway	115	(a)21.00	7	6.1	18.2
Union Pacific	145	15.00	10	6.9	10.3
Average				5.8%	12.9%

*Cash value depends on market value of common received as stock dividend.
(a) Including equities in earnings of subsidiaries. (b) Actual.
†These estimates by Mr. Case may not agree entirely with our own estimates, shown elsewhere, due to minor differences in methods of calculating.

World Economic War Brewing?

Europe Preparing to Compete with United States in World Markets—How This Would Affect Our Industries

By EMERY DERI

This is the second and final article in a series analyzing our foreign trade situation, particularly in respect to possibilities of competition from abroad. In the first article, Mr. Deri described the new attitude of Europe toward the United States in which Europe is pictured as preparing to gird her loins for competition with us in the world's markets. In this article, he shows which of our industries may be affected by these developments.

TO be able to take a view of the possibilities of the coming battle we have to analyze the conditions of industrial production in Europe in comparison with conditions in America. The first factor to be considered is the difference in wages. We may say that, on the average, labor is 50% cheaper in Europe than in America. This means that working under the same conditions, European industry will produce cheaper. There is no possibility for making up for this gap in the cost of labor. The new immigration law, practically excluding the pouring in of cheap labor, will keep wages on their present high level here, while in Europe the wages will be still lower, an account of the impossibility of immigration.

What a further lowering of the cost of labor in Europe can mean, is shown by the present disorganization of the world's iron market caused by the fall of the French franc and subsequent lowering of the wages in the French iron industry. French newspapers published reports during the month of December showing that the French iron foundries were conquering new markets hitherto closed to them and they have so many orders from abroad that they are unable to fill them.

As to the raw materials which Europe with the English Empire is able to control, we can say that in spite of the predominance of American industrial production and the riches of the natural resources of this country, the combined economic force of the European countries controls more raw materials than the United States does.

While the United States has an actual control over cotton and copper and controls partly the world's oil production—wool, jute and rubber are controlled by England and its colonies; and dyestuffs, quicksilver, iodine, some chemical materials and certain tanning extracts by other European countries. Since Europe has determined to break the economic supremacy of the United States, the tendency to control the prices of raw materials, appeared clearly in the movements of European governments to raise the prices of these and "let America pay."

This tendency is so clear and hides a danger so threatening that Secretary Hoover saw fit to issue a solemn warning to Europe in his address in Erie, Pa. (and also recently in this publication), stating that a continuation of this policy may mean the outbreak of an economic war between Europe and America. The determination of Europe to take up the economic battle with America makes itself felt already in a great number of industries. The rise of the rubber from 36 cents a pound to over one dollar may be catastrophic to the American rubber industry and may affect the automobile industry indirectly. The American chemical industry is laboring also under the pressure of European competition.

But besides raising artifically the prices of raw materials used by the American industries and besides utilizing fully the advantage of cheaper labor, European industry prepares for the coming battle by adopting the more efficient American methods of industrial production. This development is shown by the present trend of European industry toward standardization, called "Americanization" and in the forming of colossal organizations by mergers.

Regarding the first phenomenon, the immense advantage of the American over the European production lay in the fact that American factors turned out mass products, while European industry worked with less standardized methods. Industrial production was hampered by a preference for a highly specialized workmanship. The middle class which represented the element with the highest purchasing power preferred "hand made" merchandise to factory products. The middle class having been reduced to the level of the laboring classes, turns now to standardized products. New factories have been created to satisfy the new needs and the American competitors may feel the effect of this trend in a short time.

Especially the shoe industry and the automobile industry may be affected by this trend. While American shoe manufacturers export to Europe a considerable amount of shoes, this export is bound to cease. With the European automobile factories turning out cheaper, standardized cars, which are better suited to the European roads, the American automobile industry may lose the European market.

As to the big mergers which turned big industrial concerns to colossal trust-like organizations, the effect of this trend will be the standardization of certain industries and the reduction of the overhead expenses. To show how far this development has gone during the last six months and to show what it means to American production we shall take only one country, Germany, the most dangerous competitor of America.

In November of last year, the three great German oil concerns, the "Deutsche Petroleum," the "Rütgerswerke" and the "Deutsche Erdöl Gesellschaft" merged into one colossal trust, which has holdings in Galicia and Rumania. The professed purpose of this merger was "to cut out competition between domestic corporations and to be able to battle more efficiently foreign competition."

Foreign competition means American competition which will feel the effect of this merger in a short time on the German market in which it had a predominant position. In September the five great Rheinisch Westphalen steel concerns amalgamated into one giant combine. It was stated that the new trust would be patterned after American methods. The main reason behind the merger was the competition of the American industry.

In October of last year a merger of the entire German chemical industry with a capitalization of more than $160,000,000 was completed. The new organization will control the manufacture and distribution of practically all the Reich's anilin dyes, nitrogen, pharmaceutical and photographic products and organic and inorganic chemical derivatives as well as the artificial silk industry. The merger was a result of Germany's plan to recapture world markets in chemical products, with the hope of using her now practical methods of air fixation of nitrogen

as a leverage. If Germany succeeds in recapturing the world markets for her chemical industry, it will mean a hard blow to the American chemical industry, in spite of the custom duties on German chemicals. The highly developed German chemical industry will produce at such a low cost that it will force America to buy her chemical products.

As we have seen, the re-adjustment and reorganization of the European industries is going on and the main tendency of the readjustment is to take up a competition with American production by making impossible the importation of American merchandise into Europe, by making America pay exorbitant prices for raw materials over which Europe has control and by trying to sell European goods in a larger quantity in America in spite of the protective American tariff. It is not yet an economic war but it is the preparation for an economic war.

By analyzing the possible outcome of such an economic war and its probable effect on the American industrial production, we have to hold in view the fact that about 93% of the American production is intended for domestic consumption. Besides, the protective tariff levies such duties on importation from Europe that only a fraction of this 93% may be affected by a militant competition of European industrial production. The danger of being hit by this competition exists in the first place for such industries which, despite of the protective tariff, are laboring under European competition. The chemical industry is bound to feel this competition in the first place.

Still greater is the danger for those American industries which depend on raw materials over which European countries have control. Industries dependent on imported silk, nitrates, potash, rubber, quinine, iodine, tin, sisal, dyestuffs and even nickel and asbestos which are controlled by Canada, may be disturbed not only by a probable rise in the price of the raw material but also by the manufacturer's need to carry large stocks in reserve. An artificial fluctuation in the prices of raw materials may be of a ruinous consequence for any manufacturer or even the distributors. If we conceive that America is paying at present 800 million dollars for this kind of raw materials yearly, we can realize what an artificial rise in prices may mean for American industry.

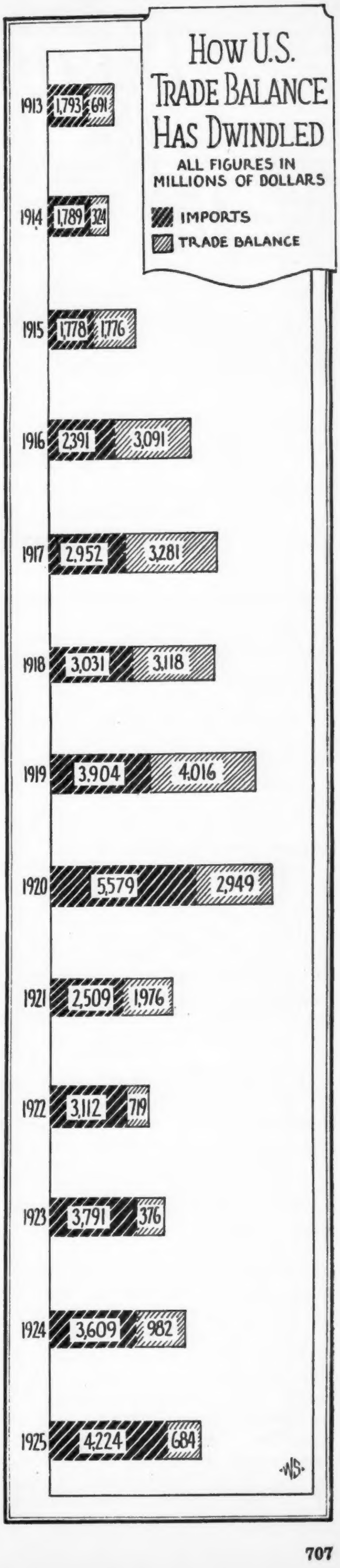
Regarding the export of American products to Europe and other parts of the world, the effect of competition may be the loss of certain branches of American export. The American automobile industry exported during the months January-September of the last year 218,471 cars and chassis valued at $162,090,000. A standardization of the European automobile industry may affect this figure substantially. In iron and steel plate, European competition is being felt already and the latest statistics show a decline of 3.6% in the export. The export of medicinal and pharmaceutical articles may change to a necessity of importation. America imported during the last year raw silk to the amount of $228,317,000 and rubber worth $118,943,000. It is evident what the slightest rise in price in these articles may mean for the American industry.

Fifty-two per cent of American export goes to Europe. If that continent is determined to shut out the American import, all our exporting industries may be affected, even though slightly because of the tremendous purchasing power of our domestic market. As to the American export to Asia and South America, the great danger of losing these territories exists not only in the disadvantage of the American industry to produce at a higher cost, but also in the ability of the European salesmen to understand foreign psychology better. Every salesman working in far distant countries knows what this ability means.

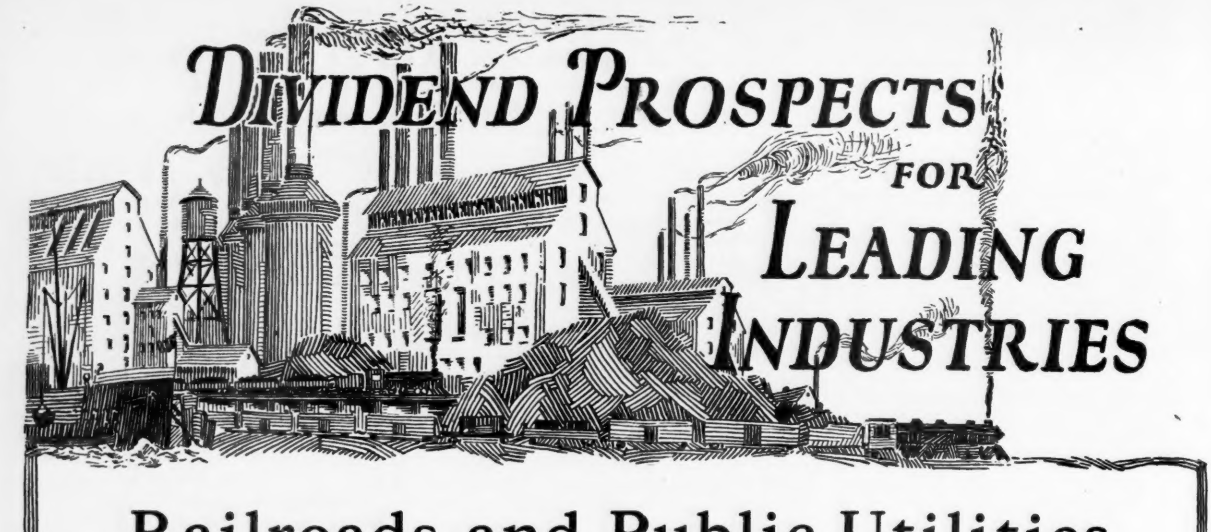
Conclusion

In the last analysis we can say that America must prepare for the European competition. It must not underestimate the vigor and vitality of European production and it must be prepared for meeting a keener competition. Besides the factors such as the control of the raw materials, the main question is: Can European industry learn the more efficient methods of American production and will America be able to keep down the cost of production at least at the present level? Continued exclusion of immigration may be of far reaching consequences in this respect and the government should consider the interests of our industries in this connection.

Perhaps the most significant feature as related to our export problem is that Europe is commencing to imitate American methods of manufacturing and production. This is shown in the recent tendency toward immense industrial consolidations abroad and in the adoption of American methods of mass production at low prices. With cheap labor, Europe has an advantage which will take the greatest ingenuity of our manufacturers to offset.



Dividend Prospects for Leading Industries



Railroads and Public Utilities

Next Issue Contains Forecast of Eight Other Important Groups—How to Make Use of Our Ratings

WE present herewith our appraisal of the dividend outlook for the leading listed railroad and public utility common stocks in order that our readers may form an opinion as to the relative merits of the various securities in these two groups from the standpoint of income return and market outlook. The mining, oil and miscellaneous industrial issues will be covered in our next issue.

It should be understood that these tables, as in former instances, are not intended to be taken as a definite statement of forthcoming dividends. The policy of any corporation in respect to such payments is a matter to be finally decided by its board of directors. Obviously, it would be presumptious to do more than draw inferences as to the probable action which may be taken by the management, after a careful consideration of all the conditions surrounding each company.

Dividend Policies

It is possible, nevertheless, to form reasonably sound conclusions as to the ability of a corporation to maintain, increase or begin dividends when due weight is given to finances and earnings trend. The fact that a given company may be in a position to increase its dividend, however, does not always mean that such action will be taken immediately. Matters of policy may suggest the advisability of withholding larger payments for months and sometimes for a year or more beyond the time when shareholders feel that they should be afforded greater participation in profits.

Such conservatism should not be viewed with disfavor unless there is good ground for believing that dividends are being withheld without just cause. As a rule, a cautious dividend policy is to be favored over liberality. The shareholder should consider, that where the management is capable and sound, retention of earnings involves no loss to him in the long run. Saving a generous share of net earnings for reinvestment in improvements has built up our strongest corporations.

The stockholder in these companies is better off than he would have been if excess profits had been disbursed with a free hand. In other words, his company has been enabled to use the shareholder's equity in net profits for the purpose of producing more income to much better advantage than he himself could probably have done. In due course, a just reward will compensate hope deferred.

However, since it is desirable to know what companies have the ability to alter their dividend policies, we have endeavored to point out what the position of each appears to be in this respect. The tables, therefore, should prove of value as a guide to investors in determining the relative merits of the individual stocks, compared on the basis of present and prospective income return.

The Ratings

To make the tables practical, each stock has been given a rating. Thus, stocks marked (A) are considered attractive at current levels; those marked (B) are regarded as unattractive, and stocks rated (C) seem high enough. These ratings refer solely to the prevailing market position of each stock from the viewpoint of desirability as investments.

Special comment is needed on the (C) rating. This is not intended to mean that a stock so designated may not advance further, but that the buyer at these levels would be at something of a disadvantage in buying such a security for large price appreciation under existing conditions. In the railroad group, particularly, several of the dividend payers afford a nominal income return but merger prospects are such that these issues might well enjoy a further substantial advance. Some of the non-dividend payers, likewise, may participate in consolidations which would have a tendency to be reflected in speculative price appreciation. Where these possibilities seem to exist the (C) rating has been modified to agree with the outlook for the individual stock.

Public Utilities Still Expanding

Stabilization of Rates and Operating Costs—Earnings Continue to Mount

THE public utility industry has come to be popularly regarded as one of unusual stability, and rightly so. The world is living in an electrical age. Uses for electric power are steadily increasing with the natural expansion of industry and the growth of population. Inventive genius, furthermore, is constantly devising new ways of lightening man's labors and most of these new devices involve an increase in the public utility load.

Thus, electrification of steam railroads, though still in the formative stage, is gradually gaining a foothold. Electrical appliances are finding a widening use in the home and industry is steadily converting its manufacturing facilities to depend more and more upon electrical energy for motive power. Last year witnessed the real elevation of a new offshoot of the industry to a solid commercial basis. Electrical refrigeration became a practical household necessity.

The introduction of electrical refrigeration is too recent to have greatly affected the public utility power load, but its possibilities are of no little importance. The reason is to be found in the fact that this device will tend to add a more constant source of power consumption to central station production. In other words, electrical refrigerators, once installed on a large scale, will operate to smooth out the peak demand upon public utility facilities which now requires that these companies maintain an investment based upon a possible maximum load. Since this load is only attained during brief periods of the 24-hour day, obviously, part of the power company's equipment must remain partially idle a good part of the time. Any development, therefore, which will tend to keep this idle equipment in full operation will result in a proportionately larger increase in revenues than would a further addition to the peak traffic.

Development of an extensive power load from this source, however, probably will not attain its highest importance for some time to come, owing to the newness of the electrical refrigera-

Position of Leading Public Utility Stocks

Road	Earned Per Share 1924	Earned Per Share *1925	Price Range 1925 High	Price Range 1925 Low	Recent Price	Div.	Yield %	Earned in 1925 on Market Price %	REMARKS
Amer. Tel. & Tel.	$11.31	$11.71	145	130⅝	143	9	6.2	8.1	No change in div. policy in prospect but will probably continue to issue rights. (A)
Amer. Water Works	2.75	4.0	76¼	34⅜	72	[1]1.20	1.6	5.5	Possibility of small increase in cash div. rate. (C)
Brooklyn Edison	11.81	12.7	156½	120⅝	136	8	5.9	9.31	Exceptionally stable income and margin over present div. indicate ability to raise rate. (C)
Brooklyn Manhattan	‡3.23	‡4.65	64	35⅛	57	3	5.3	8.1	Divs. recently inaugurated and not likely to be increased in near future. (A)
Brooklyn Union Gas	9.14	10.0	100¼	73⅛	76	[2]4	5.3	13.1	Possibility for increase to $5. (A)
Columbia Gas & Elec.	4.41	5.5	86	45¾	86	2.60	3.0	6.4	In position to adopt more liberal div. policy. (C)
Consolidated Gas	7.48	8.0	97	74⅛	98	5	5.1	8.1	Release of impounded funds on favorable court decision likely to result in extra. (A)
Detroit Edison	9.97	10.5	159½	110	135	8	5.9	7.7	Current div. rate well secured but higher rate not an early probability. (C)
Elec. Power & Light	2.54	2.7	40⅛	17⅜	31	..	..	8.7	Prospect for long range expansion. May pay small dividend. (C)
Federal Light & Traction	2.87	3.0	37¼	26	36	[3]0.80	2.2	8.3	Paying extras in form of common stock. No change anticipated. (A)
Fifth Ave. Bus	0.51	..	17¾	12	17	0.64	3.7	..	Some possibility of small increase in rate. (A)
Hudson & Manhattan	3.30	†3.8	38⅜	21¾	37	2½	6.8	10.3	Earning power gradually increasing. Has probably reached limit of divs. for present. (A)
Interboro Rapid Transit	0.34	nil	34½	13½	38	..	..	..	Divs. long way in future. Financial status none too strong. (B)
Int'l Tel. & Tel.	[4]11.18	8.0	144	87½	131	6	4.6	6.0	Promising future. Should ultimately yield higher div. (A)
Laclede Gas	15.35	16.0	178	110¼	163	[5]10	6.1	9.8	Engaged in expansion program which is likely to restrain early change in div. (C)
Manila Electric	4.01	4.0	49½	28½	32	2	6.3	12.5	Div. rate recently reduced from $2.50 a share. (C)
Market St. Ry.	nil	nil	12	6	8	..	..	..	No dividend in sight. (B)
Montana Power	4.49	6.0	99¼	64	80	4	5.0	7.5	Fair gain in net last year. Increase not likely. (C)
Niagara Falls Power	2.44	3.0	77	45⅛	53	2	3.8	5.6	Paying out about all earnings seem to justify at present. (C)
North American Co.	3.16	3.7	75	41⅛	65	[6]..	..	5.6	Present div. fairly liberal and not likely to be changed. (Cs)
Pacific Gas & Elec.	8.83	9.5	137⅛	102½	127	8	6.3	7.4	Well entrenched. Earnings increasing but no early change in div. likely. (A)
Peoples Gas	11.10	12.0	122¼	112	125	8	6.4	9.6	An investment issue. May eventually pay higher rate. (A)
Philadelphia Co.	5.91	7.0	68¾	51½	63	4	6.4	11.1	Strongly protected by assets and earning power. Early increase unlikely. (A)
Public Service N. J.	6.57	†6.45	87⅞	65⅝	89	5	5.6	7.41	Steady growth in revenue foreshadows probable increase in due course. (A)
Standard Gas & Elec.	6.61	5.5	61	40¼	58	3	5.2	9.4	Earnings expanding. Early increase not anticipated but should come eventually. (Cs)
Third Ave. Ry.	‡0.45	‡def	15⅜	7½	17	..	..	..	Margin over fixed charges offers little encouragement for div. hopes. (B)
Twin City Rap. Tran.	4.18	†3.76	78¼	58	74	4	5.4	5.1	Margin over div. requirements leaves something to be desired. (B)
West Penn. Co.	6.49	7.0	145	97	127	4	3.1	5.5	Subsidiary of American Water Works. Could increase div. but prospect discounted. (C)
Western Union Tel.	12.36	†15.20	144⅞	116¼	140	8	5.7	10.8	Div. increase last year does not fully measure possibilities. (A)

*Estimated. †Actual earnings. ‡Actual, years ended June 30. [1]Also paid 2½% in common stock in Jan. [2]Paid $7 extra in 1925 to cover omissions in previous years. [3]Also paying 4% in common stock. [4]Earned $18.11 if "other income" be included. [5]Includes $2 extra. [6]Pays 10% in cash or stock at option of holder. (A) Attractive. (B) Unattractive. (C) High enough. (Cs) High enough for the present.

tion industry. The broad distribution of industrial activity, however, and the steady addition of new domestic demand, as a result of record building operations, added a substantial total to last year's electric lighting and power revenues.

There is still a large potential demand for electric service in the older residential districts and in suburban communities where conversion from illumination by gas and kerosene has by no means been complete. Additionally, electricity is steadily becoming a more and more important factor in the farming industry. Hence, there seems no reason to anticipate an early termination of the trend toward expansion in the electrical industry. For a long period, the output of electrical energy has consistently doubled each five years.

While the utility companies are not wholly immune from the effects of business and industrial recession, practically the only effect of such setbacks has been to create a minor variation in revenues without materially halting the underlying upward trend. It may be assumed with reasonably safety, therefore, that 1926 will witness further gains in the gross and net operating income of the electric light and power companies.

Stability in commodity price levels and favorable relationship with labor further tend to strengthen the conviction that utility prosperity will be sustained, in respect to gas companies as well as the electric lighting and power concerns. The latter branch of the industry has attracted probably more public interest because of its spectacular growth and the development of so-called superpower systems.

The gas companies, however, are not to be outdone by their electrical brethren. Electrical energy has not yet been brought down to a cost basis which will permit it to compete with gas for domestic heating or cooking purposes. Accordingly, the gas companies have little to fear despite the invasion of electricity in the lighting field. On the contrary, the consistent growth in population has been reflected in gas company revenues no less than in the case of the electric utility company.

Then again, gas has assumed an important role in industry during the past several years. This tendency is still growing as indicated by the fact that gas "super-power" systems are beginning to appear in certain sections of the country to meet the enhanced demand for gas as fuel in manufacturing processes.

The broad fundamental expansion in demands upon both gas and electric lighting and power companies have required a steady addition to production and distribution facilities and hence to capital requirements. The return to popularity of utility company securities during recent years has permitted these companies to raise such capital upon favorable terms, aided by an abundant supply of cheap money.

The gas companies have been somewhat less fortunate than the electric companies in respect to reduction of costs. Broadly speaking, improvement in mechanical efficiency is more marked in the last named branch of the utility industry. It is not to be inferred from this, however, that any ground is being lost by the gas companies.

Rate structures in both instances are now fairly well settled and the attitude of public regulating bodies such that rate problems have ceased to be an active menace to stability of earning power. Several of the gas companies have been able to reward patient shareholders by distributing funds formerly impounded during pending court decisions. Others, notably Consolidated Gas, will probably succeed in establishing the right to retain sums collected in excess of rates formerly fixed, after the courts have passed upon the legality of the higher rates now in effect.

Only the tractions remain as stepchildren of fate. These companies are still struggling courageously with the high operating costs inherited with the inflation period. Efforts to secure reductions in taxation and paving charges are being pushed but thus far without sufficient success to encourage general optimism.

The problem of bus competition is being met by many of the traction companies, either by absorption of competing bus lines or inauguration of such services as feeders to existing trolley lines. On the other hand, traffic congestion in metropolitan areas, due to the great increase in automobile traffic, has caused the street railway lines a considerable loss of revenues.

It is difficult to treat the traction securities as an entirety. Each case must be considered on its own merits with due thought to the conditions affecting the individual companies. Broadly speaking, the outlook is moderately brighter but from the viewpoint of dividend possibilities, few of the traction companies appear to be in a position to adopt more liberal policies where payments are now being made. Conversely, the non-dividend payers are not likely to join the former class at an early date.

In respect to the gas and electric companies, it seems a fair statement that the demand for such common stocks has been overdone in many instances, as indicated by the fact that prevailing prices for several of these issues could only be justified upon the basis of a substantial increase in dividend returns. Such increases are more likely to be a matter of years than months. Where this condition obtains, it clearly behooves the investor to give pause before venturing commitments.

Many sound and uninflated utility stocks are still to be had at prices to yield a fair income return, however, while in others the expectation of higher disbursements seems sufficiently real to justify purchases based upon anticipation of larger returns eventually.

Railroads Anticipate Another Satisfactory Year

High Operating Efficiency and Continuation of Record Traffic Foreshadow Favorable Treatment of Shareholders

THE year 1925 was remarkable in the annals of railroad history in several respects. Freight car loadings mounted to the highest total on record, yet there was no evidence of strain in any part of the transportation system, saving only in the Southeast. The real estate boom in Florida, with its attendant flood of human and other freight, resulted in traffic congestion. Railroads serving that section of the country were compelled to establish embargoes, since no opportunity has yet been given them to extend facilities to keep up with the sudden influx of population and materials.

With this exception, however, the railroads were enabled to move an unprecedented volume of freight without at any time incurring a deficit in available equipment. In other words, the roads at all times had a surplus of idle cars on hand. This condition was largely the result of generous expenditures for equipment in preceding years and partly due to the high state of efficiency of the transportation system generally.

This ability to handle all the traffic offered with promptness and despatch had a great deal to do with the results attained in respect to gross revenues on the basis of previously established rates structures. Moreover, the high efficiency of the roads and the speed with which they were able to accommodate shippers tended to create friendlier public relations.

The growth in gross earnings is, obviously, significant from the shareholder's standpoint inasmuch as it means a substantial addition to income available for dividends. From the company viewpoint, improvement in public relations has a less tangible but none the less significant bearing upon the future prosperity of the roads. If, to the factors be added consideration of the steady increase in operating efficiency of the carriers, it is not difficult to understand the conditions on which last year's excellent showings were based.

It must be borne in mind that rail-

road prosperity in 1925 was superimposed upon two preceding years of recovery and improvement so that the carriers as a whole entered 1926 in the strongest position attained in many years. Hence, while the country's transportation system has not yet reached the point where earnings may be said to yield a "fair return" on property investments, even the weaker carriers have begun to raise shareholder's hopes.

The northwestern carriers are making substantial progress as indicated by the improvement in earnings of such roads as Great Northern and Northern Pacific. Receivership for the St. Paul last year was an aftermath of long standing difficulties and could not be taken as an indication of conditions in that region, although the northwestern roads still complain that rates are out of alignment with the general structure. Even the New England roads, notably New Haven, show signs of regaining lost prestige.

At the present time, the southwest has taken front place as the scene of a merger drama. The attitude of the government toward consolidations has encouraged the railroads to lay plans for further alignments. Hence, it is probable that the current year will witness a further unfolding of consolidation plans which have been quietly formulated during the past two years. The effect of such consolidations is likely to be to bring nearer dividend payments for some of the minor roads. Others, such as Norfolk & Western, for example, may conceivably be absorbed

(Please turn to page 778)

Position of Leading Railroad Stocks

Road	Earned Per Share 1924	Earned Per Share *1925	Price Range 1925 High	Price Range 1925 Low	Recent Price	Div.	Yield %	Earned in 1925 on Market Price %	COMMENT
Atchison	$15.47	$17.50	140½	116¼	132	7	5.3	13.2	In excellent physical and financial condition. Higher rate probable eventually. (A)
Atlantic Coast Line	19.36	26.10	268	147¼	238	9	3.8	10.9	Extra cash divs. likely to continue, or may pay stock dividend. (Cs)
Baltimore & Ohio	9.19	12.10	94½	71	90	5	5.6	13.3	In line for higher dividend rate. (A)
Canadian Pacific	11.01	11.50	152⅜	136½	158	10	6.4	7.3	Present div. fairly well protected. No increase anticipated. (C)
Chesapeake & Ohio	17.23	26.90	130⅛	89¼	117	4	3.4	22.9	Div. policy dependent on final outcome of proposed Nickel Plate merger plan. (A)
Chic. & East Ill.	....	nil	38¼	29¾	35	..	..	...	Barely earning fixed charges. (B)
Chic. R. I. & Pacific	4.36	4.00	58⅞	40⅛	56	..	..	7.1	Figures in new alignment of southwestern road. Div. unlikely. (C)
Chic. Gt. Western Pf	1.28	1.00	32⅜	19¼	26	..	..	3.8	Some merger prospects but dividends remote. (B)
Chic. Mil. & St. Paul	....	def	16⅜	3¼	12	..	..	...	In receivership. Not earning fixed charges. (B)
Chic. Northwestern	4.20	7.30	83	47½	75	4	5.3	9.7	Earnings improving. Possibility of increase. (A)
Cleve. C. C. & St. Louis	16.03	25.00	200	140	195	7	3.6	12.8	Prosperous subsidiary of New York Central. Could pay more. (Cs)
Colo. & Southern	10.89	8.90	70½	44⅛	63	..	..	14.1	In position to resume dividends. (A)
Delaware & Hudson	13.69	12.00	160¾	133½	158	9	5.7	7.7	Will doubtless segregate coal properties eventually. No change in div. anticipated. (A)
Del., Lack. & Western	8.35	7.70	147¾	125	147	7	4.8	5.2	Policy of paying extras will probably be maintained. Merger prospects. (C)
Erie	6.26	6.50	39½	26¾	36	..	..	18.0	Minority objecting to Nickel Plate merger. Divs. dependent upon consolidation. (C)
Great Northern Pf	7.19	a†8.56	82⅜	60	74	5	6.8	11.5	No early change in rate anticipated, although earnings are improving. (A)
Gu. Mobile & North. Pf	9.83	10.20	109¼	89½	101	6	5.9	10.0	Arrears of 20% gradually being reduced through extra payments. (A)
Illinois Central	13.31	14.10	125½	111	118	7	5.9	11.9	Well able to increase rate in view of earnings record. (A)
Kansas City Southern	3.81	5.10	51	28⅝	46	..	..	11.0	In merger spotlight. Earnings increasing. Divs. hinge on merger developments. (A)
Lehigh Valley	6.06	7.00	88½	69	82	3½	4.2	8.5	Change in div. rate largely question of merger developments. (C)
Louisville & Nash	12.08	16.50	148	106	132	6	4.6	12.5	Could pay larger cash div. or distribute stock div. (A)
Minn. St. P. & S. S. M. Pf.	6.70	15.6	86¼	40	70	..	..	22.2	Recovery in earning power foreshadows ultimate return to div. basis. (A)
Missouri-Kansas-Texas	4.72	4.10	45½	28¼	41	..	..	10.0	Prior demands of pfd. stock preclude early possibility of common div. (Cs)
Missouri Pacific Pfd	9.06	13.80	91½	71	85	..	..	16.2	Ability to inaugurate divs. steadily increasing. 37½% in Lack. divs. due. (A)
N. Y. Chic. & St. Louis	14.28	18.00	183	118	173	6	3.4	10.4	Higher rate appears merely question of time. (C)
New York Central	13.25	a13.20	137½	113¼	128	7	5.5	10.3	Large equity in undistributed earnings of subsidiaries. Could pay more. (A)
N. Y., N. H. & Hartford	1.91	4.70	47	28	41	..	..	11.4	Coming back. Recovery too recent to justify early div. hopes. (A)
Norfolk & Western	13.07	20.00	151⅜	123½	153	8	5.2	13.0	Likely to be absorbed by Pennsylvania on guaranteed div. basis. (Cs)
Northern Pacific	6.44	7.50	78¼	58¼	72	5	6.9	10.4	Encouraging recovery shown. No early change in div. policy anticipated. (A)
Pennsylvania	3.82	5.60	55⅜	42½	54	3	5.6	10.3	Good possibility of increase in rate to $3.50. (A)
Pere Marquette	8.33	11.00	85½	61¾	83	4	4.8	13.2	Change in div. depends on consummation of merger with Nickel Plate. (A)
Reading	8.80	9.50	91¼	69¾	87	4	4.6	10.9	Possible merger candidate. Strong strategic position. Well situated to adopt more liberal div. rate. (A)
St. Louis-San Francisco	11.05	13.50	92¼	76	98	7	7.1	13.7	Has probably reached limit of div. possibilities for the present. Good yield. (A)
St. Louis Southwestern	8.38	8.40	69¼	43¾	68	..	..	12.3	No early dividend action anticipated. (Cs)
Seaboard Air Line	3.04	4.00	54¼	20⅜	43	..	..	9.3	Road's position measurably improved. Divs., however, are well in the future. (C)
Southern Pacific	10.24	10.00	108⅜	96	100	6	6.0	10.0	One of "standard" rails which could easily support higher rate. (A)
Southern Railway	12.31	a15.80	120½	77⅝	114	7	6.1	13.8	Increase in rate to $7 last year indicates no further early change. (A)
Texas & Pacific	8.14	8.00	59	43¼	57	..	..	14.0	In position to begin div. payments before long. (A)
Union Pacific	14.29	15.00	153¼	133¼	145	10	6.9	10.3	No change in rate expected. Affords good income return. (A)
Wabash	2.74	6.00	47¼	19½	48	..	..	12.5	No div. likely, though earnings improved. (A)

*Estimated on basis of actual earnings for 11 mos. ended Nov. 30. †Actual. §Including extras. a Earnings of subsidiaries not included.
(A) Attractive. (B) Unattractive. (C) High enough. (Cs) High enough for the present.

Bonds With Warrants—A New and Important Type of Security

Preferred Stocks Also Employing New Conversion Device

THIS article is probably the first to deal at all adequately with bonds carrying warrants. This practically new type of security, which includes also preferred stocks with warrants, merits consideration because of its speculative as well as investment aspects. Because investors are not yet familiar with the intricacies of these rather novel securities, we have deemed it important to cover the situation in detail.

CONVERTIBLE bonds are familiar to every investor. Bonds with warrants attached are not nearly so familiar. Yet the latter are making great strides, and ought soon to rival the older type. Preferred stocks with warrants are as yet few and far between, and did not mean much until 1925. There are practically no features that set apart preferred stocks with warrants from bonds, especially debentures, with warrants. What applies to one applies to the other.

What is a Bond With Warrants?

A bond with warrants is in effect a convertible bond. But there is an important difference. A straight convertible bond is one that provides for the conversion of the bond into a certain number of shares of stock. For example, it may be provided that the bond is convertible into common stock, par for par. That is to say a $1,000 bond could be converted at will into 10 shares of common stock of the par value of $100 each. Or it may be provided that a $1,000 bond is convertible into common stock at the rate of $125 a share, or in other words that eight shares are equal to one bond for conversion purposes. Or, in the event that the stock has no par value, the exchange may be provided for by arranging that a certain number of shares may be taken in exchange for a bond. Usually conversion privileges are open all the time, though occasionally they become operative some time after issuance of the bonds. But in any event the exchange of bond for stock is done without further cost to bondholders.

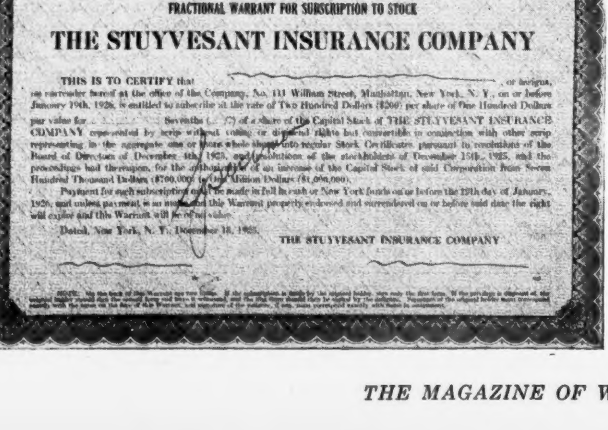
Where a bond is issued with warrants, the bondholder has the privilege of *buying* certain stock issues, either of the company or of some other subsidiary, related or friendly corporation at a fixed figure, usually within a definite period. Bonds or preferred stocks with warrants attached are to be sharply distinguished from those having certain "rights." A "right" is a temporary privilege granted to security holders to subscribe to securities at a fixed, advantageous price, Warrants imply first a certain degree of permanency, and, secondly, are part and parcel of the security. In other words a "right" is accidental; a "warrant" is a regulation privilege attached to a security.

To have distinguished Bonds with warrants attached from convertible bonds, and also from securities enjoying temporary "rights," does not mean that they do not closely resemble those types of securities in other respects. For example, a bond with warrants attached is fundamentally in the same position as a convertible bond with reference to the question of when it is advantageous to make use of the privileges of the bond. But in the case of bond with warrants attached there is the further question of whether or not it pays to sell the warrant and keep the bond, or to sell the bond and keep the warrant. For there is a brisk trade in warrants, wherever warrants are detachable from bonds. In such cases the bond would become an ordinary bond and sell ex-warrant. Buyers should be cautious in purchasing issues of bonds with warrants attached and see that the bond is not sold to them ex-warrant. It is possible that deceptions can occur in this respect.

Another and more to be feared deception is in the likelihood that bonds will appear to be more meritorious than they really are, once the investor is tempted by valuable warrants attached. It must be remembered that primarily it is a *bond* that is being bought, and that the warrant is a supplementary consideration. A junior obligation with warrants attached may be far less desirable than a senior obligation of a stronger company carrying no such privileges.

The investor must forego the temptation to lose his "bond sense" when purchasing bonds with warrants attached. He must also remember that warrants may be issued for the purchase of

(*Please turn to page* 744)


No. S — Scrip $\frac{1}{7}$ Share

FRACTIONAL WARRANT FOR SUBSCRIPTION TO STOCK

THE STUYVESANT INSURANCE COMPANY

THIS IS TO CERTIFY that ______, or assigns, on surrender hereof at the office of the Company, No. 111 William Street, Manhattan, New York, N. Y., on or before January 19th, 1926, is entitled to subscribe at the rate of Two Hundred Dollars ($200) per share of One Hundred Dollars par value for ______ Sevenths (__/7) of a share of the Capital Stock of THE STUYVESANT INSURANCE COMPANY represented by scrip without voting or dividend rights but convertible in connection with other scrip representing in the aggregate one or more whole shares into regular Stock Certificates pursuant to resolutions of the Board of Directors of December 4th, 1925, and resolutions of the stockholders of December 15th, 1925, and the proceedings had thereupon, for the authorization of an increase of the Capital Stock of said Corporation from Seven Hundred Thousand Dollars ($700,000) to One Million Dollars ($1,000,000).

Payment for such subscription must be made in full in cash or New York funds on or before the 19th day of January, 1926, and unless payment is so made and this Warrant properly endorsed and surrendered on or before said date the right will expire and this Warrant will be of no value.

Dated, New York, N. Y., December 18, 1925.

THE STUYVESANT INSURANCE COMPANY

Specimen copy of Stock Warrant

Twenty Leading Bonds Carrying Warrants

Name of Bond	Warrant to Purchase per $1,000 Bond	Recent Price Security to be Purchased by Warrants	Bond Price Recent	Yield %	Redeemable At	COMMENT
Andian National 1st 6s '40	20 shares common at $10	$200	146	4.00 B	105	Redeemable after March 1, '27, only. Company has practical monopoly oil pipe lines in Colombia. Management excellent. Attractive spec-vestment.
Belding-Hemingway 6% Notes '36	20 shares common at $50	38	100	6.00	103	Redeemable at 102 after 1928, 101 after 1931, par after 1934. Bond also convertible into 20 shares of common. Well-secured attractive bond.
Central States Electric, Sec. S. F. Debs. 6s '45	10 shares North American Co. at 85	65	66	6.10	105	Warrants are non-detachable. Warrant to purchase at 85 good only for first 1/5 of warrants utilized. Increasing rates for remaining 4/5. Redeemable at 102 after 1940. Bond desirable at present quotation; warrant only slightly valuable.
Eitingon-Schild Co. S. F. Deb. 6s '35	5 shares common at $31 to Nov. 1, '27, and $35 to Nov. 1, '28	36	98½	6.20	104¼	Warrants are detachable. Bond redeemable at ¼ point less each year after 1926. Largest fur selling company in world. Earnings and assets position excellent. Warrant attractive.
Electric Refrigeration, conv. 6% notes, '36	1 share common at $100 per $100 note	83	99½	6.05	105	Warrants optional. Non-detachable. After Jan. 1, '28, notes are convertible into common, par for par. Warrants plus conversion features give special value to this issue. Kelvinator-Nizer merger.
Elk Horn Coal, Deb. 7s '31	40 shares common at $15 to Dec. 1, '26	14	100	7.00	102	Warrants detachable. After Dec. 1, '26, price of stock purchasable by warrant varies. Earnings of company do not show consistently wide margin over interest requirements. A spec-vestment in short-terms. Warrants have some value.
Indiana Flooring 6½s, '40	50 shares common at $19.50	15½	100	7.00	105½	Redeemable ½ point less each year after 1930. Excellent yield for this good bond and warrant feature may become valuable.
Larutan Fuel, 1st S. F. 5s, '30	3 shares Class "B" at $50 to Mar. 1, '26 and $25 extra every year thereafter	Stock has no market	100	5.00	102½	Transports Natural Gas in Oklahoma and Kansas. Speculative issue. Warrants may be disregarded.
North American Cement, S. F. Deb. "A" 6½s, '40	20 shares common at $50, to Sept. 1, '35	66	98¾	6.60	105	Warrants detachable. Redeemable 104 from 1930, 103 from 1933, etc. Surplus of earnings over interest requirements growing. Spec-vestment, slightly attractive. Warrants add to value.
Pathe Exchange, 8s '31	40 shares at $25 ("A" common)	77	300	2.26 B	110	Bond price really determined by value of warrant. Earnings on "A" shares may equal $9 for 1925. Bond attractive. Small volume of offerings.
Penn-Ohio Edison Deb. "A" 6s, '50	20 shares common at $25 to Nov. 1, '35	No common outstanding	105½	5.58	105	Option warrants. Bond redeemable ½ point less each year after 1931. Bond would be attractive at par.
Producers & Refiners 1st 8s '31	20 shares at $50	15	110	5.60	110	Warrant privilege can be disregarded. Bond is an excellent short-term issue with yield above the average for its grade.
Rand-Kardex-Bureau, S. F. 5½% Notes '31	22½ "A" common shares at $40 in 1926	43	108	3.70	103	Option warrants. Detachable after Jan. 1, '27. Price of "A" shares purchasable by warrants increased after 1926. Bond redeemable at 102 in 1927, 101 in 1928-29, and par thereafter. Desirable commitment.
Shur-on Standard Optical, 1st S. F. 6½s '40	25 shares common stock of Company at $25	8	98	6.70	105	Price of stock purchasable by warrant is subject to change. Warrant privilege not important. Bond not otherwise attractive.
Southeastern Power & Light Deb. "A" 6s, 2025	10 shares common stock at $50	41	107	5.60	110	Option warrant. Subscription to stock at $50 for life of bond. See Text.
Southern Gas, 1st 6½s '35	5 warrants to each $500 bond to buy ½ share common each at $25	No market for common stock	98½	6.70	105	Warrant detachable. Price of common stock to warrant holders advanced after Oct. 31, '26. Warrant void after Nov. 1, '30. Bond redeemable at 102½ after 1930. Warrant should be disregarded. Bond unattractive.
Superior Oil, 1st 7s '29	200 shares at $5 to Feb. 14, '27	3	94	9.20	105	Price of stock to warrant holders advanced after Feb. 14, 1927. Bond highly speculative.
Transcontinental Oil, 7s '30	100 shares common at $6.50 to Apr. 1, '27	4	94	8.60	102½	Stock price to warrant holders $8 from April 1, '27, to April 1, '28; higher thereafter. Bond redeemable at ½ point less each year after April 1, '26. Warrant not important. Bond highly speculative.
Trumbull Steel, Deb. 7s '35	10 shares common at $10 to Nov. 1, '26	10	100	7.00	107½	Stock price to warrant holders higher after Nov. 1, '26. Redeemable 1 point less each year after 1928. Bond a fair speculation. Warrant attractive speculatively.
Walworth Co. S. F. Deb. "A" 6½s '35	10 shares common at $30	22	96	7.05	105	Stock price to warrant holders subject to reduction. Bond redeemable ½ point less each year after Oct. 1, '26. See Text.

B Current Return

Bond Buyers' Guide

(Bonds listed in order of preference)

High Grade

(For Income Only)

Non-Callable Bonds:

Bond		Apx. Price	Apx. Yield	¶ Int. earned on entire funded debt
Great Northern Genl. 7s, 1936	(c)	112	5.40	2.85
Atlantic & Danville 1st 4s, 1948	(a)	78	5.75	....
Western Union Telegraph Co. 6½s, 1936	(a)	112	5.00	e 1.75
New York Edison Co. 6½s, 1941	(b)	115	5.10	3.30
Chicago & Northwestern 7s, 1930	(b)	108	4.75	1.80
New York Dock Co. 4s, 1951	(a)	83	5.15	2.70

Callable Bond:

Bond		Apx. Price	Apx. Yield	¶ Int. earned on entire funded debt
Armour & Co. Real Estate 4½s, 1939	(a)	92	5.35	....
Laclede Gas Light Coll. & Rfd. 5½s, 1953	(c)	103	5.30	1.41

Middle Grade

(For Income and Profit)

Railroads:

Bond		Apx. Price	Apx. Yield	¶ Int. earned on entire funded debt
Cuba R. R. 1st 5s, 1952	(a)	91	5.65	2.45
St. L. & S. F. Prior Lien 4s, 1950	(c)	79	5.60	1.25
Western Pacific 1st 5s, 1946	(c)	97	5.25	2.40
New York, Ontario & Western Rfd. 4s, 1992	(a)	69	5.85	2.00
Missouri Pacific 1st & Rfd. 6s, 1949	(b)	104	5.70	1.20
Baltimore & Ohio Convertible 4½s, 1933	(b)	95	5.35	1.35
Baltimore & Ohio Rfd. 5s, 1995	(b)	96	5.20	1.35
Missouri, Kansas & Texas Prior Lien 5s, 1962	(c)	99	5.05	1.10
Boston & New York Air Line 4s, 1955	(a)	73	6.00	....
Kansas City Southern Rfd. and Imp. 5s, 1950	(a)	95	5.35	1.90
Minneapolis, St. Paul & Sault Ste. Marie 6½s, 1931	(a)	104	5.60	1.50
Rutland R. R. 1st 4½s, 1941	(a)	86	5.90	1.75

Industrials:

Bond		Apx. Price	Apx. Yield	¶ Int. earned on entire funded debt
South Porto Rico 1st Mtg. and Col. 7s, 1941	(b)	108	6.20	2.20
Sinclair Pipe Line 5s, 1942	(b)	91	5.85	g 2.50
Goodrich, B. F., Co., 1st 6½s, 1947	(b)	105	6.10	e 2.40
California Petroleum Corp. 6½s, 1933	(c)	104	5.80	4.80
International Paper Co. 5s, 1947	(a)	95	5.40	3.50
U. S. Rubber 5s, 1947	(c)	94	5.50	2.05
Bethlehem Steel Co. 5s, 1936	(a)	96	5.50	f 2.30
Armour & Co. of Del. 1st 5½s, 1943	(c)	95	6.00	....
Anaconda Copper Mining Co. 1st 6s, 1953	(b)	102½	5.80	g 1.25
Cuba Company 6s, 1935	(b)	96	6.60	e 7.00
Consolidation Coal Co. Rfd. 5s, 1950	(a)	86	6.10	2.00

Public Utilities:

Bond		Apx. Price	Apx. Yield	¶ Int. earned on entire funded debt
Manhattan Railway Cons. 4s, 1990	(a)	62	6.50	g 0.90
Amer. Water Works & Elect. Corp. Col. 5s, 1934	(c)	97	5.50	2.40
Ohio Public Service 7s, 1947	(c)	110	6.15	f 2.00
United Fuel Gas 6s, 1936	(b)	103	5.60	e 7.00
Hudson & Manhattan Refunding 5s, 1957	(c)	95	5.35	2.60
American Gas & Electric 6s, 2014	(c)	99	6.05	2.00
American Power & Light Deb. 6s, 2016	(c)	97	6.20	3.00
Kansas Gas & Electric 6s, 1952	(b)	102	5.85	1.80
Commonwealth Power Corp. 6s, 1947	(c)	103	5.75	4.50
Manitoba Power Company 7s, 1941	(c)	105	6.50	....
Market St. Ry. 7s, 1940	(b)	99	7.10	2.30

Speculative

(For Income and Profit)

Railroads:

Bond		Apx. Price	Apx. Yield	¶ Int. earned on entire funded debt
Erie Genl. Lien 4s, 1996	(b)	68	5.90	1.31
St. Louis & San Francisco Adj. Mtg. 6s, 1955	(c)	94	6.50	1.25
Missouri, Kansas & Texas Adj. Mtg. 5s, 1967	(c)	95	5.30	1.10
International Great Northern Adj. 6s, 1952	(c)	74	6.00	....
Chicago Great Western 1st 4s, 1959	(a)	66	6.50	0.85
Western Maryland 1st Mtg. 4s, 1952	(a)	69	6.50	1.20
Rock Island, Ark. & Louisiana 1st 4½s, 1934	(c)	91	6.00	....

Industrials:

Bond		Apx. Price	Apx. Yield	¶ Int. earned on entire funded debt
Pan. Amer. Petroleum & Transport Conv. 6s, 1934	(c)	108½	4.80	25.00
Cuba Cane Sugar 7s, 1930	(c)	95	8.50	2.15
International Mercantile Marine 6s, 1941	(b)	88	7.30	2.50
Warner Sugar Refining Co. 1st 7s, 1941	(c)	97	7.30	....

Public Utilities:

Bond		Apx. Price	Apx. Yield	¶ Int. earned on entire funded debt
Empire Gas & Fuel 7½s, Series "A," 1937	(c)	102	7.20	3.30
Brooklyn-Manhattan Transit 6s, 1968	(c)	96	6.25	f 1.50
Chicago Railways 1st 5s, 1927	(a)	77	16.00	1.08
Hudson & Manhattan Adj. Income 5s, 1957	(b)	80	6.50	2.00
Interboro Rapid Transit 5s, 1966	(a)	70	7.30	0.90
Third Avenue Railway Rfd. 4s, 1960	(b)	64	6.70	i 1.35

¶ This represents the number of times interest on the companies' entire outstanding funded debt was earned, based on earnings during the last five years. Includes government payments during period of government operation of railroads.

(a) Lowest denom., $1,000. (b) Lowest denom., $500. (c) Lowest denom., $100. (d) Lowest denom., $50. e Average last three years. f Average last two years. g Average last four years. i Does not include interest on adjustment bonds.

BONDS

THE investment market over the turn of the year has been extremely strong; in fact, bond prices exceeded the best levels of 1925, and are now at the peak for the movement. Especial strength has been exhibited by the high grade issues whereas for the last half of the past year, this section of the list was practically unchanged. Evidently the fear that the price of money would be higher during the early portion of the current year has been dissipated. Likewise the irregular action of the stock market has caused part of the investing public to become uneasy as to the future for stock prices, with the result that they disposed of their stocks and placed proceeds in the bond market. To be on the safe side, their conservatism caused them to view kindly the low return high grade issues, and this naturally had a stimulating effect on prices for securities of that character.

Strength in Middle-Grade Securities

In the middle grade division, strength was very noticeable, but, for the first time in months, the high grade division of the list, especially the rails, made better progress than the second grade issues. So far as those carried in the Bond Buyers' Guide were concerned, it will be seen that a number managed to improve their price levels over previous quotations.

The chief center of activity in the public utility section was in the N. Y. traction issues. The bonds of all these companies reached new highs, and the Third Avenue Adjustment mortgage 5s scored sensationally, advancing from the lower 40's to above 64. The refunding 4s, carried in the Guide also advanced over six points. In the general list, the International Telephone & Telegraph 5½s continued their advance to above 114.

Higher Prices Expected

Industrials followed the general trend of the market and were consistently strong, especially the steel and oil issues. In this section of the list. Murray Body Company first mortgage 6½s continued their advance to above 93. United States Rubber 5s were also a strong spot, with an advance of three points, and another issue greatly in demand was the Consolidation Coal Co. refundings 5s, which sold up to 86. No weakness appeared in any section of the list.

The great strength of the market and the outlook for continued ease in money rates despite the recent advance in the Federal Reserve Board's rediscount rate from 3½ to 4%, indicate that better prices may yet be expected for meritorious issues. As a matter of fact, time money was in greater supply at recessions and call loans were obtainable at 3½%. Naturally this continues to exert a favorable effect on bond prices.

INDUSTRIALS

Fourteen Stocks Which Should Resist a Reactionary Market

Seeking for Safety in Case of a Storm

WITH a market which has been advancing, except for occasional reactions, for over three years, it is natural that experienced investors should be lifting their eyebrows at exhortations to buy speculative securities, especially those which have had great advances. In fact, there is a tendency among the more sophisticated investors to switch gradually out of speculative common stocks into bonds and preferred stocks, or at least into convertible issues and, also, a small but select group of investment common stocks which they believe would offer them a haven in the event of a serious market decline. While the purpose of this article is not to forecast a sweeping decline in stock prices, we nevertheless believe that a real service would be performed by pointing out some of those common stock issues in which a greater degree of market stability may be expected than in the rank and file of speculative issues, many of which have been driven up to a point not warranted from an investment viewpoint. Each issue listed here is attractive on its own merits as an investment and from a long-pull viewpoint should prove a satisfactory holding.

AMERICAN TYPE FOUNDERS American Type Founders holds first rank in the manufacture of type. It is also enjoying increased business in the Kelly Press, a high-speed automatic machine. Demand for the Kelly Press is outstripping production. It also manufactures printer's materials and owns the outstanding common stock of Barnhart Bros. & Spindler, of Chicago. This concern operates the second largest type foundry in this country. The parent company operates the largest in the world. All products of American Type Founders and its subsidiary are standard in the trade.

Earnings history is both continuous, solid and progressive. Preferred dividends of 7% have been paid regularly since issuance in 1902. Common dividends have been paid without interruption since 1898, the present rate being 8%. Net income shows the following growth: $761,000 in 1920; $829,000 in 1921; $855,000 in 1922; $990,000 in 1923; $1,010,000 in 1924; and $1,174,000 in 1925. Common stock increased from four to six millions in this period. Earnings on the common stock in 1925 were $14.90 per share, or 85% in excess of dividend requirements. Net tangible assets per share are over $170, or considerably in excess of the current market quotation. Net working capital is strong, being 7.4 millions. Ratio of current assets to current liabilities is four to one. Excluding inventories they are more than two to one.

American Type Founders has shown that it is panic proof. Founded in 1893, it grew up in the worst commercial panic this country has ever known. In 1907 its sales were unaffected by the crisis, and it continued to grow in the dull period of 1914, preceding the outburst of prosperity. Its business gains were consistent throughout the deflation of 1920 and 1921, both in gross and net. Its healthy, systematic growth indicates that it is not a concern that will show any sudden decline in earnings at any time.

Earning nearly $15 per share, disbursing $8 in dividends, selling at 116, to yield 6.9% with asset values in excess of quotations by about 45%, with continuous increase in net earnings, American Type Founders is equipped to face any adverse movement in business or securities.—W. J. B.

GREAT NORTHERN PREFERRED The term preferred stocks, applied to Great Northern, is in some sense, a misnomer since no common stock has ever been issued. Of the preferred, 250 millions are authorized, and 249.5 millions outstanding. Funded debt is 319 millions. Unfortunately, a large part of this debt was refunded in 1921 when interest rates were high. Substitution of low interest bonds for high interest obligations is beginning to take place, and will greatly improve the earning position of the preferred stock.

Dividends payments are on a 5% basis. From 1899 to 1921 they were on a 7% basis. Approximate income for 1925 is about $8.56 per share of preferred, against $7.18 for 1924. This net income reflects better conditions in the territory traversed. Great Northern originates 90% of its traffic, and is largely a local road. It operates in the Northwest from Minnesota to Washington.

Contrary to popular impression, principal freight tonnage is not wheat, but iron ore and other mine products. Nevertheless wheat prosperity has helped greatly. An important source of income is the joint ownership with Northern Pacific of Chicago, Burlington and Quincy. Not only are dividends from this source a fourth of total income but, incidentally, through Colorado Southern, a subsidiary of Burlington, an outlet to the Gulf ports enables Great Northern to make advantageous connections. It is understood that a merger of Great Northern, Northern Pacific and Burlington awaits authorization by the Interstate Commerce Commission.

Net operating income increased from 17.2 millions in 1922 to 24.7 millions in 1923 then showed a recession of $500,000 in 1924, but in 1925 reached 28.2 millions. Great Northern is definitely nearing its pre-war earning capacity. Net income shows more startling gains. From a low of 10.8 millions in 1922 it reached 21.3 millions in 1925. That this net income will continue to increase seems reasonably sure. Reduction in amounts to be disbursed in bond interest and, above all, reduction in operating costs, augur well for the future. Such a combination of deflation, and post-war readjustments plus recovery from Federal control as was seen during 1918-1922 could not again recur.

Apart from the period of Federal control, the sum of these three misfortunes reduced earnings per share of common stock, in 1922, to 4.36%.

In view of this minimum showing, under private operation, it follows that the 5% dividend is secure and, in the not distant future may be increased. At about 75 the stock remains in a position that seems fundamentally strong.—H. L. R.

NATIONAL DAIRY PRODUCTS Certainly, there are few industries more stable than the dairy, and by the same

token, few issues more likely to show marked resistance to a downward movement than those of sound companies operating in this field. In my opinion, National Dairy Products is foremost in this group.

The corporate history of this company dates back only to 1923, but its record since that time has been of remarkable progress along constructive lines. During the first year of existence in its present form, the total volume of sales was but 13.5 million dollars, but in 1924 the total rose by fully 50% to over 20 millions. Remarkable as was this increase, it seems insignificant compared with the showing of 1925, preliminary returns indicating a turnover of around 100 millions. This was the result of both natural expansion in business, and the acquisition of numerous important dairy systems.

The expansion program is being financed along conservative lines. In the main, this involves the exchange of preferred and common stocks, although Sheffield Farms was acquired through the issuance of 15 millions of 6% notes. Capital obligations have been vastly increased but the financial structure appears well balanced by virtue of the prospects for larger earnings resulting from its expansion policy.

A survey of the consolidated balance sheet of National Dairy and its subsidiaries reveals a strong financial condition. Current assets total in excess of 13.8 millions, while current liabilities are around 8.1 millions, indicating working capital of about 5.7 millions. Cash exceeds 4.4 millions.

Experience has proved that the industry is practically free from the adverse effects of depression, such changing industrial conditions have little or no effect upon the production and sale of dairy products.

Notwithstanding the progress of the company to date it is clearly in its ascendancy and may be expected to give a good account of itself in the future. Hence, I regard the stock as a desirable spec-investment at prevailing prices around 75.—*J. L. D.*

DIAMOND MATCH Little of the spectacular has attended the progress of Diamond Match over a period of recent years, but this company has pursued its prosperous course untroubled by changing economic conditions. For the ten years, 1915-1924, Diamond Match has shown average earnings of $11.25 a share on the common. At no time during this period did it fail to earn its $8 dividend by a comfortable margin.

The management of this company has exercised remarkable foresight and ability in directing its affairs, with the result that it is placed in a highly advantageous position as regards the manufacturing end. It has ample sources of supply for all raw materials, thus permitting it to operate on an economical basis.

Dividend Prospects Given in the Next Issue for the Following Groups of Stocks

Steel	*Mining*
Machinery Mfg.	*Automobile*
Merchandising	*Accessory*
Petroleum	*Tire*

Finances are sound. The last official balance sheet, that of June 30 last, shows current assets of 16 million dollars and current liabilities of only 1.4 million. Thus, working capital exceeds 14.5 millions. The item of cash alone totals 1.5 millions. Net tangible assets per share amount to $144.

The company has demonstrated its ability to successfully withstand such competition as has developed to date, and there are no indications that anything radically different will transpire in the future.

Price changes in the stock are few and far between, but an unbroken dividend record extending back to 1889 would appear to warrant inclusion of this security among sound investment issues.

The stock is well adapted for permanent income purposes, although materially higher prices are hardly to be anticipated. From all indications it would appear that the shares are capable of giving strong resistance to a general decline in security values. On the basis of the present market price around 130 *the yield is* 6.2%.— *L. J. B.*

INT'L TEL. & TEL. This is one of the fastest growing companies, whose shares are listed in the N. Y. Stock Exchange. Starting with comparatively humble beginnings as a holding company for two small telephone exchanges in Porto Rico and Cuba, it has in five years vastly increased its scope to include practically the entire telephone system of Spain; has immensely added to its service in Cuba, and has entered Mexico on a large scale. Additionally, the company a few months ago purchased the International Western Electric Co. now named the International Standard Electric Corp. which supplies telephone equipment to companies operating in London, Paris, Milan, Antwerp and other cities, including those in Tokio and Pekin. The scope of the company, thus, is truly international and conveys an idea of the possibilities of growth

Present earning power is not an important measuring stick, though it is sufficient to cover the present $6 dividend by a fair margin. In the first nine months of 1925, the company earned $5.83 a share on its 279,000 shares against $8.35 a share on 174,000 shares in the same period of 1924. Net income, however,, for this period showed an increase in 1925, the figures being 1.9 millions against 1.6 millions.

The company is in process of expansion and, naturally, has not yet had ample time to show the benefits received from recent acquisitions. The telephone is an old story in the United States, but in many parts of Europe and other sections entered by International Telephone, its use is still in the days of infancy.

The banking connections of the company are of the highest and this powerful support has enabled it to complete successfully its recent financing plans which included the sale of 25 millions in convertible debentures and sale of additional stock.

This company seems destined for big things and its shares represent a genuine opportunity among the public utilities. Any reactions it may have in the market should be incidental to its eventual progress toward higher levels. —*A. J. H.*

KENNECOTT COPPER The stock of this company, it seems to me, has the desired quality of being likely to offer resistance to any general market decline which may occur in the next few months. While Kennecott has had a rise from around 30 in 1923 to a high last year of 59, the comparison is not precisely fair because at the time the stock sold for 30, it was distinctly below value. The average price of the stock during the past three years has been about 40 so that at current levels of 55, the gain has not been particularly large; this, despite the fact that the company's earnings rose from 29 cents a share in 1922 to $2.02 a share in 1924 and were probably larger in 1925. Evidently, the earnings must have shown an increase last year, since the com-
an idea of the possibilities of growth.
pany increased the dividend rate from $3 to $4 annually.

At present prices, the stock yields over 7%. However, the above earnings do not really give an idea of real earning power. Like other companies, Kennecott charges off very large amounts for depletion. If allowance be made for this factor, earnings for 1924 were about $5 a share and those for 1925 probably slightly larger. It is estimated that every cent advance in the price of copper adds $1 a share to Kennecott's earnings. Copper prices right now are lower than the average for last year, being about 14 cents a pound. Demand, however, is increasing again and the metal should sell closer to 15 cents than 14 within a brief period.

In any case, it is not likely that copper prices will decline seriously under 14 cents and the earnings of the company should continue at least on the 1925 basis. This could easily support the present $4 a share dividend. Financial position is exceptionally strong with about 40 millions in cash or the equivalent. The company's short term note issue of 9 millions is steadily

being reduced and offers no serious problem.

While, at the present time, Kennecott is not exactly a bargain, still it is distinctly worth the price and the stock would be unlikely to decline more than a few points in the event of a reactionary period in the market.

From a long pull standpoint, however, Kennecott seems one of the two or three most attractive coppers and can be retained in the confidence that its very capable management will be able to meet any contingencies that might arise in the future.—E. D. K.

ELECTRIC STORAGE BATTERY No record of industrial expansion would be really complete which neglected to include the story of this remarkable company. Storage Battery is one of those representatives of American corporations whose progress has been marked by almost continuous growth. From a gross business of 1.77 million dollars in 1915, sales jumped to 12.13 in 1920. Despite the extreme business depression of 1921, gross revenues fell to but 10.01 millions, since which time they have again climbed steadily upward. Net income, of course, has gained in proportion, increasing from 1.36 million dollars in 1915 to 7.21 millions in 1924, with every indication that final figures for 1925 will better the preceding twelve months' showing.

No less impressive is the exhibit of comparative balance sheets. Although dividend disbursements have been liberal, yet Electric Storage Battery has built up profit and loss surplus from 6.96 million dollars at the close of 1918 to 20.54 millions at the end of 1924. Working capital, during this period, was more than doubled. As of December 31, 1924, cash and Government securities alone amounted to 7.5 million dollars, or more than twice the amount of all current liabilities.

Obviously, the company's financial position is such that nothing short of prolonged panic could call the safety of common dividends into serious question. This is especially so since there is no funded or floating debt and but $31,400 of preferred stock ahead of the 797,917 no par common shares.

While Electric Storage Battery does an extensive business with the automobile industry and has benefited handsomely from the demands of the radio industry, these sources of battery consumption are not the sole outlets for the company's product. Its storage batteries are extensively used in shipping, railroad and industrial lines. The central power and lighting plants of the country employ large storage battery installations of the type supplied by this company.

Dividends have been paid to common shareholders without a break since 1901. The rate during the nine years 1910-1918 was 4% on the old stock, increasing to 12% in 1921. In the following year, the old common was split, four for one and dividends of $4.75 and $5 a share respectively were disbursed in 1923 and 1924. The current rate is $5 regular, exclusive of the $1 extra declared in December.

Earnings statement for 1925 is not yet available but is probable that the 1924 showing of $8.09 a share will be exceeded.

At recent prices around 75, Electric Storage Battery is an attractive specvestment and may well lay claim to inclusion in any list of stocks capable of withstanding a market decline.—M. J. S.

HUDSON & MANHATTAN Though it has been an uphill struggle, Hudson & Manhattan Railroad has at last achieved a position to justify the faith of its common shareholders. The company was organized in 1906, but it was not until April 1925 that the junior shares were placed upon a dividend basis. A steady increase in traffic and reasonable rates in recent years have brought earning power into line with the road's rather heavy capitalization.

By virtue of its character as an interstate passenger carrier, the company's fares are regulated by the Interstate Commerce Commission. It is reasonable to infer, therefore, that rates will continue to be maintained at levels to yield a satisfactory income, regardless of the agitation for retention of a 5-cent fare in respect to metropolitan traction companies.

Hudson & Manhattan owns a double track tunnel between New York City and points in New Jersey. That portion of the line extending from the Hudson Terminal in New York City to Newark, N. J. is operated under a joint traffic agreement with the Pennsylvania Railroad. The company's properties include valuable office buildings in the metropolis from which it derives additional revenues in the form of rentals.

Gross earnings, after taxes, have increased consistently from 3.02 million dollars in 1915 to 5.82 millions in the twelve months ended December 31, 1925. Prior to 1921, however, net

(Please turn to page 740)

Fourteen Sound Common Stocks

Stock	Market	Earned $ Per Share 1923	1924	1925	Dividends $ Per Share 1923	1924	1925	Current	Market Price	Yield %	1925 Earnings on mkt. price, %
American Bank Note	N. Y. S. E.	3.70	3.84	2.40	†1.95	†2.50	1.60	1.60	41	3.9	5.9
Am. Type Founders	N. Y. S. E.	a19.82	a18.17	a14.90	5.50	7.0	7.50	8.0	118	6.8	12.6
Diamond Match	N. Y. S. E.	10.03	9.99	*10.0	8.0	8.0	8.0	8.0	130	6.2	7.7
Elec. Stor. Battery	N. Y. S. E.	7.97	7.94	* 8.0	†4.75	†5.0	†5.0	†6.0	75	8.0	10.7
Gt. Northern Pfd.	N. Y. S. E.	7.24	7.19	8.56	5.0	5.0	5.0	5.0	75	6.7	11.4
Hudson & Manhattan	N. Y. S. E.	2.74	3.33	3.81	...	...	2.5	2.5	37	6.8	10.3
Int'l Tel. & Tel.	N. Y. S. E.	6.29	b14.71	* 8.0	6.0	6.0	6.0	6.0	130	4.6	6.8
Kennecott Copper	N. Y. S. E.	0.96	2.02	* 7.0	3.0	3.0	4.0	4.0	55	7.3	12.7
Nat'l Dairy Prod.	N. Y. S. E.	5.08	6.10	* 8.0	...	2.25	3.0	3.0	75	4.1	10.7
New York Central	N. Y. S. E.	16.91	13.25	*13.5	6.0	7.0	7.0	7.0	131	5.4	10.3
Standard Oil N. J.	N. Y. S. E.	2.10	3.30	4.5	1.0	1.0	1.0	1.0	45	2.2	10.0
Union Carbide	N. Y. Curb	6.09	6.30	N.F.	4.0	4.75	5.0	5.0	80	6.3	..
United Shoe Mchy.	N. Y. Curb	c3.19	3.31	3.02	d2.0	2.25	†3.50	2.50	49	5.1	6.1
Western Union	N. Y. S. E.	13.64	13.37	15.20	7.0	7.0	7.0	8.0	142	5.7	10.7

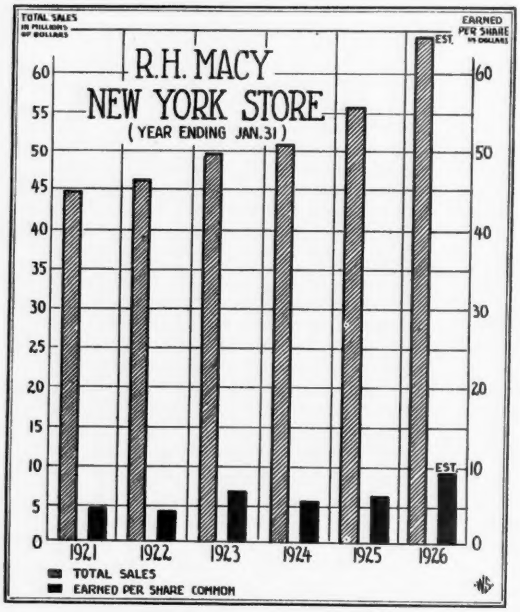
*Estimated or partly estimated. †Including extras. a Years ended Aug. 31. b Includes $7.11 from "other operations." c Years ended Feb. 28. d Also paid 40% Stock div. N. F. Data not available.

R. H. Macy & Co.

Will Macy's Be the Nucleus of a Department Store Chain?

—Prospects for the Common Stock—

"IT is inevitable that there will be at least one big predominating consolidation in the department store field very similar to U. S. Steel in the steel industry." So speaks a comptroller of a San Francisco department store, not to the public, but to fellow comptrollers. Every man who heard this remark was a technician in department store finances, and there was general approval of the prophecy. It is expected to be fulfilled in the next five years.



Among the many possible foundations for such gigantic chains much attention has lately been bestowed upon R. H. Macy & Co. It is known to be in a sound position. Net earnings are increasing, even after deducting unheard of amounts for permanent capital investment; and it has never shown a year without gain in gross sales.

Of new significance is the fact that it has purchased control of the La Salle & Koch Co. in Toledo; also it has acquired 60% of the stock of the Davison-Paxson-Stokes Co. in Atlanta. This latter concern is in an old building, but a new structure costing 3.5 millions will house its activities in the future. One of the features of the new building will be a theatre. Neither its earnings nor that of La Salle & Koch appear in the income statement of Macy, but the Toledo store is known to be yielding a handsome return on the investment.

Consolidations, as such, are not spectacular in this age of mergers. But consolidations effected in the way in which Macy has absorbed these two stores are spectacular. For it was Macy profits that paid for them and not stock flotations. Instead of paying dividends on common stock, and diluting its value by increasing capitalization, Macy has withheld dividends in cash, and converted the withheld amounts into potential earning power. It has not merely done this in buying out of town stores, but has financed its great New York expansion in the same manner. This building up of equities was based on profits arising from a strictly cash merchandising policy.

In an age of installment plans Macy sells for cash. In a period when "service" and "accommodation," principally in the form of charge accounts is all but universal, Macy has stuck fast to sales for cash only.

Accounts receivable are not known to its books. In 1925 its New York sales increased to about 64 millions, and 1926 should show 75 millions. It is second only to Marshall Field of Chicago, whose gross is estimated at about 85 millions. But a very large proportion of Marshall Field sales are on charge accounts. Macy is the first store in the United States in respect to volume of cash gross sales.

Ordinarily Macy should show a profit of over 6.5% on its total turnover. Wherever this profit has been less, it has been due to special factors. In 1924, for example, the building of a new annex meant increased personnel, and shifting departments. Profits were consequently somewhat less than 6.5% on gross. But with the completion of this new annex, adding 50% to merchandising capacity, sales of 75 millions would be normal, and net profits on the New York store sales equal to $11 per share of common. This normal rate, according to present indications, should be reached in 1926. Earnings for 1925 were probably between $9 and $10 a share.

Since 1922, out of earnings principally, Macy has built this 19-story annex, a factory, warehouses, delivery stations, garages, and bought two department stores. The only other source was that of working capital, which is in a less favorable position than it was in 1922. An examination of the working capital account, however, will dispel fears that this diminution is an unfavorable sympton. Macy has risen to great heights by being amply supplied with cash, so as to purchase in volume on the most favorable terms. All bills are paid daily or weekly, and advantage is taken of all discounts. Whole factories are purchased, with all their production, because of strong cash position. For three stores this advantage is better than for one, because stocks that one store cannot absorb alone can easily be disposed of by three. This crucial advantage makes Macy a logical center of a chain store system. Hence, any interference with its liquid position has been looked at askance.

Macy had 8.5 millions in cash in 1922. It had 3.2 millions in cash and marketable securities in 1925. Accounts payable increased from 5 to 16 millions. Part of this was consequent to increasing operations. Inventories, for example, increased by 2 millions. Part is accounted for by building operations. This increase does not, therefore, indicate a change in the policy of speedy payments for merchandise. Therefore, cash remains ample for Macy purposes.

What is really significant in this weakening of working capital, is that Macy's cannot expand too rapidly on the basis of profits alone. It would not be too much to say that it has shown the limits of expansion without increase of capitalization. Dividend declarations would still further postpone such expansion. Hence, any further mergers would necessitate an increase in capital stock.

At present price of 96, Macy common is selling at about ten times the earnings of the New York store. On impending earning power of three stores, it could sell considerably higher.

From the viewpoint of dividend possibilities, to be sure, the stock does not seem especially attractive. In consideration, however, of the large potential earning power and future possibilities of growth, the stock presents an opportunity for long range speculation.

Fundamental Aspects of "Alcohol's" Stock Market Decline

—What Is the Stock's Future?—

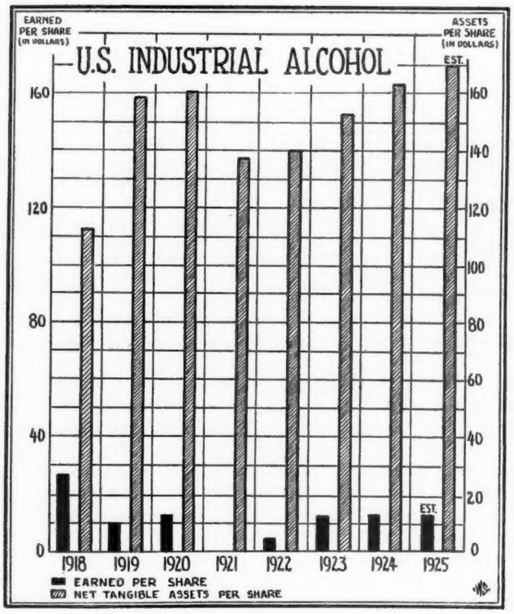
UNITED STATES INDUSTRIAL ALCOHOL common stock has a net tangible asset value of about $170, yet the stock sells at about $64. Why this discrepancy of fully $106?

What is more, earnings per share of $11.47 in 1924 would justify a quotation of at least $90, since the stock probably earned more in 1925.

U. S. Industrial Alcohol pays no dividend. That is, of course, a drawback, but it is not enough to explain the discrepancy between market price on the one hand, and assets and earnings, on the other.

There are two possible explanations. One is that the business is declining; but such is not the case. In fact, it has become better. The other is that the balance sheet is "dressed," but that is also untrue. If anything, its security holdings are undervalued. Goodwill and patents are not carried at all, and this in a company dependent largely on technical processes. Working capital is excellent, with an increase from 4.4 millions in 1922 to over 7.3 millions today. There are no bank loans or notes payable. Ratio of current assets to current liabilities is five to one. Eliminating inventories they are three to one.

There is no funded debt. Only 6 millions of preferred stock is outstanding. What is more, profit and loss surplus is fully 16 millions. Obviously, the reasons for the weakness of the stock cannot be sought in financial structure or present earnings. It must be the future industrial situation that has troubled the market. What is the situation?



Competition in Principal Uses for Products

U. S. Industrial Alcohol is the principal American producer of ethyl alcohol. This alcohol is that contained in intoxicating liquors. Its industrial uses, however, are extensive, and when so used ethyl alcohol is usually denatured. It is to be distinguished from methyl alcohol, commonly called "wood alcohol." Hence, the scare that the German product known as "Methanol" would cut into its profits, was wholly unfounded. This product is a wood alcohol, and does not compete. For reasons connected with assignment of German patents, its importation has been reduced to a small quantity.

This mythical menace is not as real as increasing competition in manufacture of ethyl alcohol itself. American production is about 70 million gallons. About 40% is made by U. S. Industrial Alcohol. But a younger competitor, International Distillers products has recently doubled production and manufactures fully 20%. This company has joined with the Du Pont interests in a venture known as Eastern Alcohol. A factory is being built in New Jersey with an initial 8 million gallon capacity. What is more, sugar companies are coming into the field. Molasses is the raw material in alcohol manufacture, and it is a sugar refining by-product.

The fall in sugar prices naturally brought down the cost of molasses which is used in producing alcohol. In 1925, this cheapening of raw material greatly benefited U. S. Industrial Alcohol, but entry of molasses producers in the alcohol business, and other increased competition has recently forced down alcohol prices. Hence, a period of sharp competition is ahead.

Another scare was thrown by the appearance of glycerine as a competitor of alcohol as an anti-freeze solution. Most automobile users are compelled to put an anti-freeze solution into their radiators over the winter months. This business is the backbone of profits for any alcohol company. But soap makers, especially Lever Bros. and Procter & Gamble, have put glycerine into the field. Though its initial cost is three times that of alcohol, it need be put in only once, whereas alcohol has to be renewed several times in the winter. Final cost to consumers consequently is about the same. It is said to be less efficient than alcohol, and alcohol companies assert it has deleterious effects. Whatever the truth, it is not the competition it was thought to be. It is a by-product of soap and its manufacture can expand only with that of soap. At best it is not likely to capture even 10% of the business in the next few years.

But a real competitor is emerging in ethylene glycel, produced by the research subsidiary of Union Carbide. Commercial Solvents Corp. is also a competitor.

All of these forms of competition are important, in lesser or larger degree, and many are convinced that U. S. Industrial Alcohol will have to spend enough to fight this opposition. Consequently, dividend payments seem improbable for some time. No one expects that U. S. Industrial Alcohol will not pretty much hold its share of the business, but dividends may have to be postponed in order to protect the position of the company.

The decline in the stock in December was largely due to over-emphasis on the falling off in demand for anti-freeze in the East due to mild weather. In the West, however, the opposite situation prevailed. Probably, this would be reflected in what would seem to be excessive inventories as of Dec. 31. But several weeks of cold weather, such as in fact developed in January, would speedily consume the excess. Consequently, as a market factor this situation seemed over-rated.

U. S. Industrial Chemical Holds Key to Future Profits

This subsidiary company is second to none in America for organized re-

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Rayon Stocks as Investments

Remarkable Growth of Industry — Comparison of Representative Securities — Rayon and Artificial Wool

By M. D. GOULD

THE spectacular uprush of the rayon industry, especially since the war, has attracted considerable attention among that group of investors who guide their action by the status of the industry first and the condition of the market in the second place. Not long ago a despised cheap imitation of a luxury product, artificial silk has been rebaptized rayon and has become a stable textile of which more is consumed today than of natural silk, and new uses are being found for it constantly.

Four Leading Rayon Manufacturers

(All listed on N. Y. Curb)

	Earned 1925	% Earned on Recent Market Price	Recent Price	Div.	Yield
Courtauld's, Ltd.	$2.00	....	32	$1.21*	3.8%
Tubize Co. of America...	35.00†	....	230	....	....
Industrial Rayon Corp....	2.22	....	18	....	....
Snia Viscosa	1.12	....	15½	1.00‡	6.4

†Est. *American equivalent of 5 shillings. ‡American equivalent of 25 lire.

In 1913, American production of rayon yarn amounted to 1,566,000 pounds; last year, it is estimated over 50,500,000 pounds were produced in this country. Together with this increase in quantity has come an improvement in quality. The main defects of rayon in years gone by are being improved out of existence; the low tensile strength, the harsh, shiny appearance, the liability to rot under the influence of perspiration or washing. At the same time, the field of employment is constantly widening—the mixture of rayon with other yarn lifted certain sections of the textile industry out of their depression last year and rayon manufacturers are waiting for the day when their production will catch up to the growing demand of their present customers so that they can develop the possibilities of rayon as a fabric for tires, as insulation for electric wires, as a fabric for surgical dressings, etc.

The production factors in the rayon industry that mainly interest the investor are the large amount of capital and the high degree of technical skill required to operate a rayon plant. The process in theory is simple. Its raw material is cellulose, which is one of the most common organic substances in the world, constituting the material of the cell walls of many types of animal and vegetable tissues. It is found in a very pure form in cotton wool and in purified paper pulp; it constitutes the bulk of grass fibres, wood leaves, etc. To make rayon, all one has to do is to separate the impurities out of the cellulose, dissolve the latter in a suitable solvent, force the solution through thin tubes or spinnerets and get rid of the solvent through evaporation or chemical action which will leave the cellulose in the form of a long, thin filament, several of which can be spun or twisted together to form a lustrous thread.

In practice, however, the production of rayon is one of the most delicate of chemical operations and literally hundreds of opportunities arise for mistakes or carelessness which can endanger or ruin the product. It is stated that hundreds of rayon companies have been formed in the United States of which the overwhelming majority have come to grief on the rock of technical imperfection.

This means that production tends to be concentrated in the hands of a small number of highly responsible corporations able to take a comprehensive view of marketing and of prices, neither cutting prices so low as to reduce profits unduly nor keeping them so high as to put a premium on incompetence. Such organizations are, of course, big enough to provide for constant technical improvement and research.

The latest development in this field has been artificial wool made in a very similar way to artificial silk. It is believed that all the big companies have worked out laboratory methods for producing this material, but only a newcomer to the New York securities market, Snia Viscosa, has announced its intention to produce and market it on a large scale under the trade name of "sniafil." Trade authorities agree that in appearance and feel it is indistinguishable, even to the eyes of experts from natural wool, and it is put up in the same way in matted locks which can be put through the wool carding, combing and other machinery as used for natural wool.

From a technical point of view, it would even have certain advantages over natural wool. Animal and vegetable fibres are of different chemical composition, rayon being classed as a vegetable fibre and "real silk" as an animal one. Dyes which are suitable for one class do not usually work, without previous preparation, for the other. Thus cotton and rayon mixtures can be dyed together in one bath but cotton and wool cannot, normally, and by the same token, wool rayon mixtures require at least two operations. Artificial wool being a vegetable fibre, it can be dyed in the same bath with rayon, thus simplifying the handling of mixed fabrics.

The great defect of artificial wool seems to be that it is not as warm as natural wool. Since many of the most important uses of wool depend on its warmth, this fact would seem to limit considerably the field of application of the artificial product.

The relative decline of staple goods, especially for women's clothing and their supercession by novelty materials in which the emphasis is on color combinations have greatly helped the development of the rayon industry because of the ease with which rayon lends itself to the production of unusual color effects. Rayon has also profited greatly by the enormous popularity of kintted silk garments, especially for hosiery and underwear.

Rayon is to be regarded as an independent textile material possessing unique qualities and blazing a trail in new markets. Insofar as it competes with the older natural materials it tends to displace cotton rather than silk. Thus, in spite of the tremendous increase in rayon consumption in this country since the war, twice as much natural silk is being imported into America annually, as in 1914. It is estimated that the world consumes 75,000,000 pounds of silk a year, 150,000,000 pounds of rayon, 11,000,000,000 pounds of cotton and 2,865,000,000 pounds of wool. If the consumption of rayon should triple it would still amount to only 4% of the world's demand for cotton. The figures give some idea of the magnitude of the possibilities of the rayon industry.

The trade position is extremely satisfactory. Established producers are increasing their capacities and in some cases, working night and day shifts with orders booked until the Spring. There seems to be no slackening in general demand in spite of the extensive purchases which have been made

by some consumers in their anxiety about deliveries. Foreign importations continue to represent only a small percentage of the total consumptive demand, mostly in special sizes and grades. An ad valorem duty of 45% acts as an effective barrier against heavy importations, besides which foreign producers in many cases are meeting the same difficulty as Americans in satisfying their domestic demand, and their low labor costs are largely counterbalanced by the more extensive and efficient use of machinery in American plants.

As a very rough guide to profit margins in the industry, prices range from about $1.50 for coarse counts to $3.50 for the very finest, per pound of rayon and profits are believed to range from 50c to a dollar a pound, depending on the quality produced and efficiency of manufacturing.

Turning to the market position of rayon securities, there are but few which are both accessible and important. The largest factor in the industry, the American Viscos Company, is completely owned by the British firm of *Courtaulds, Ltd.* Viscose stock is, therefore, not traded in but, Courtaulds, was introduced to the New York Curb last year. The next largest company, the *Dupont Rayon Company,* is completely owned by the Dupont Company, so that its shares are not available to the public either. As the shares of the Dupont Company represent a participation in a number of varied industries, of which rayon is only a part, it would be absurd to class Dupont stock with the rayon industry.

The next largest concern, *Tubize Artificial Silk Company of America,* is available to the public through the medium of voting trust certificates for Class B stock, which are traded in on the New York Curb. *The Industrial Rayon Company* is a reorganization of the Industrial Fibre Company of Cleveland and its stock is also traded in on the New York Curb. *Snia Viscosa* is an Italian company but in view of the fact that 800,000 shares were sold to the American public some weeks ago in the form of depositary receipts and subsequently listed on the Curb, it should also be mentioned here. Of the remaining companies, the Belamose Company, the American Bemberg Company, the Lustron Company, the Acme Company and others are either closely held or of small trade importance or still in the development stage as regards large scale production.

In the following paragraphs we propose to deal with only such companies as actually produce rayon, leaving out concerns like the American Rayon Products Corporation or the U. S. Rayon Company, which buy their yarn from manufacturers or utilize it without manufacturing.

COURTAULDS, LTD.

Courtaulds, of England, with its subsidiaries produces over half the world's rayon, and employs the viscose process. So enormous has been its expansion since 1900 that a story is current of an English clergyman who invested £100 in Courtaulds shares early in the company's career and what with cash dividends, stock dividends, rights, etc., is now a millionare. At the present time it has an outstanding capital of £12,000,000 ($58,320,000), the stock being currently quoted around $32. Current dividends are 5 shillings per share of £1 par value or the equivalent of $1.21 per share.

Net earnings for recent years have been as follows:

Year	Pounds Sterling
1922	3,018,000
1923	2,916,000
1924	3,880,000

The past year it is understood to have been even more successful. Dividends at the current rate require £3,000,000. It is understood that American Viscose is planning to double its capacity, while the English plants are enjoying increased prosperity as a result of the recent duties on artificial silk products, and new plants are being erected in Canada and in India.

At present prices the company's earnings, assuming that they were 25% higher for 1925 than for 1924, are being capitalized in the ratio of roughly $16 market value of stock for each dollar of earnings. This is comparable with the rate at which earnings of American Electric Power and Light holding companies are being capitalized into the market value of the stock. The ordinary ratio for industrial stocks is about 7 to 10 times earnings. *Because of its extraordinary record, strong cash position and well assured prospects for great additional expansion, Courtaulds is undoubtedly entitled to sell at its present price and in time to come will probably be worth much more. It can hardly be called a bargain, however, for the present.*

TUBIZE ARTIFICIAL SILK CO. OF AMERICA

This company began operations in 1921 at Hopewell, Va., under a license from the Tubize Company of Belgium, using the Chardonnet process. It is claimed to produce the highest quality of artificial silk in this country, the Phoenix Hosiery Company being one of its large customers. It is said to be contemplating an increase of 50% in its production capacity.

In 1923, the company sold $2,244,000 of first mortgage 8% bonds, due 1933, and $4,000,000 of 8% preferred stock, the former callable at 110, the latter

Interesting Figures on the Growth of the Rayon Industry

Production of Rayon in U. S.

(in thousands of pounds)

Year	Domestic Production of Rayon Yarn
1913	1,566
1914	2,445
1915	4,111
1916	4,744
1917	6,687
1918	5,828
1919	8,000
1920	8,000
1921	15,000
1922	24,406
1923	35,380
1924	38,850
1925	50,500

Estimated Production for 1925 and Plans for 1926 of American Producers of Rayon

	1925	1926
Viscose Co.	34,000,000	50,000,000
DuPont	7,000,000	15,000,000
Tubize	5,000,000	7,000,000
Industrial Rayon	2,500,000	5,000,000
Klis	....	2,600,000
Bemberg	....	1,800,000
Celanese	250,000	1,500,000
Lustron	750,000	750,000
Belamose	500,000	1,000,000
Acme	500,000	500,000
	50,500,000	85,150,000

Distribution of Rayon Consumption by Consuming Industries

Goods	Percent
Knit Goods	25
Hosiery	22
Silks	15
Cotton Goods	11
Braids	10
Underwear	5
Upholstery	2
Plush	2
Woolen Goods	1
Miscellaneous	7

at 100. It has outstanding 46,113 shares of Class A common and 44,305 shares of Class B, the two classes being alike in all respects except that the Class A elects a majority of the board of directors. A substantial majority of the Class A stock is understood to be held by the Belgian Company.

Sinking fund operations and open market purchases are understood to have reduced outstanding funded debt to $1,792,000 by early 1925, and some months ago the company announced it would call $792,000 additional, bringing the debt down to $1,000,000. The sinking fund requirement on the preferred stock calls for 25% of net earnings after certain deductions, so that it is probable that the preferred stock outstanding has been materially reduced.

Earnings for the first eight months of 1923, as stated by the company, were at the annual rate of $30.13 a share on both classes of common, compared with $11.05 in 1922. Subsequent earnings are not available from official sources, but an estimate of $35 to $40 per share for 1925 represents the consensus of opinion of informed sources, and would about check with estimated production and profit margins.

At present prices around 230 these earnings, if they are anything like actual figures, would be capitalized only about 6 times over. There is also believed to be a considerable possibility of a recapitalization involving the elimination of senior securities, the splitting-up of the common, and the declaration of dividends, the company having hitherto paid nothing out of its earnings. It may be significant, as relating to the plowing-back of earnings and plans for future expansion, that the company has purchased 1,200 acres of land near its plant at Hopewell, Va.

From all these points of view, the stock would seem to be exceedingly attractive from a long-pull viewpoint at present prices as a means of investing into the rayon industry.

INDUSTRIAL RAYON CORP.

This company is a holding company for the Industrial Fibre Corp. of America, a majority of whose stock it acquired by exchanging one of its own shares for each two of Industrial Fibre, with the intention of acquiring substantially all of the common stock of the latter. The operating company uses the viscose process, and operates a plant in Cleveland, O., to which extensions increasing capacity by 50% and costing $1,000,000 are said to have been made out of earnings without new financing. The company does not claim to turn out any superior product, and in fact it is said in the trade that it encounters an unusually large number of complaints due to defects in the yarn, such as are charged against all manufacturers.

Capitalization consists of 425,000 shares of Class A and 2,000 shares of Class B common, alike except that the latter has full voting power.

(Please turn to page 772)

Preferred Stocks

THE strength in all investment markets was also noticeable in the trend of prices for preferred stocks. There were a number of substantial advances in the list, such as Famous Players Lasky Corporation, up 4 points, Pure Oil, up 2, and increases of a point or more were numerous. This strength was noticeable in the rail, public utility and industrial sections. Of course, there were numerous issues which showed practically no change in quotations, but this was mainly due to the fact there was practically no trading in these stocks and any substantial demand would doubtless have been followed by a higher price level. By reference to the list of stocks enumerated below, it will be apparent that there are a number of issues, well protected by both assets and earning power, which are still obtainable on a very attractive basis and should have a particular appeal to investors.

Preferred Stock Guide

(LISTED IN ORDER OF PREFERENCE)

These Stocks Are Selected as Offering Best Opportunities in Their Respective Classes, Taking Into Consideration Assets, Earnings and Financial Condition of the Companies Named.

SOUND INVESTMENTS

INDUSTRIALS:	Div. Rate $ per Share	Approx. Price	Approx. Yield	Times † Dividend Earned
General Motors Corp....................(c)....	7	114	6.1	(y) 5.1
Cluett-Peabody & Co. ....(c)....	7	106	6.6	3.5
Loose-Wiles Biscuit Co. 1st.............(c)....	7	114	6.1	2.5
Studebaker Corporation ....(c)....	7	120	5.8	20.00
Schulte Retail Stores Corp..............(c)....	8	116	6.9	(w) 10.00
Gimbel Brothers, Inc...................(c)....	7	110	6.4	3.3
Baldwin Locomotive Works ....(c)....	7	112	6.1	3.2
Endicott-Johnson Corp. ....(c)....	7	117	6.0	4.5
American Smelting & Ref. Co. ....(c)....	7	117	6.0	1.7
American Steel Foundries ....(c)....	7	113	6.2	6.7
U. S. Industrial Alcohol Co.............(c)....	7	102	6.9	5.2
Associated Dry Goods Co. 1st...........(c)....	6	101	6.0	4.0
Famous Players-Lasky Corp..............(c)....	8	121	6.6	(y) 6.5
PUBLIC UTILITIES:				
North American Co. ....(c)....	3	50	6.0	(w) 6.9
Philadelphia Company ....(c)....	3	48	6.2	5.6
RAILROADS:				
Chicago & Northwestern ....(c)....	7	120	5.8	....
New York, Chicago & St. Louis.........(c)....	6	98	6.1	(y) 3.7
Chesapeake & Ohio conv................(c)....	6.50	120	5.4	9.0

MIDDLE GRADE INVESTMENTS

INDUSTRIALS:	Div. Rate $ per Share	Approx. Price	Approx. Yield	Times † Dividend Earned
Bush Terminal Buildings Co.............(c)....	7	101	6.9	1.1
Brown Shoe Co..........................(c)....	7	109	6.4	3.9
Cuban-American Sugar Co................(c)....	7	101	6.9	7.5
Armour & Co. of Del....................(c)....	7	98	7.1	(w) 2.3
Allis-Chalmers Mfg. Co.................(c)....	7	109	6.4	2.8
Genl. American Tank Car Co.............(c)....	7	104	6.7	4.0
Natl. Cloak & Suit Co..................(c)....	7	92	7.6	4.5
PUBLIC UTILITIES:				
Radio Corp. of America A pfd...........(c)....	3.50	47	7.4	(w) 3.5
Amer. W. Wks. & Elec. Corp. 1st.......(c)....	7	107	6.5	2.8
Public Service of N. J. ....(c)....	8	117	6.8	3.4
RAILROADS:				
Baltimore & Ohio ....(n-c)....	4	69	5.8	(y) 4.75
Bangor & Aroostook ....(c)....	7	100	7.0	2.5
Colorado & Southern 1st pfd..........(n-c)....	4	66	6.1	7.5

SEMI-SPECULATIVE INVESTMENTS

INDUSTRIALS:	Div. Rate $ per Share	Approx. Price	Approx. Yield	Times † Dividend Earned
Pure Oil Co. conv. pfd.................(c)....	8	109	7.3	4.2
American Beet Sugar Co.................(c)....	7	79	8.9	1.5
National Department Stores.............(c)....	7	96	7.3	4.0
Austin, Nichols & Co...........................	7	91	7.7	1.8
Worthington Pump & Mfg. "A"............(c)....	7	79	8.9	2.0
Orpheum Circuit ....(c)....	8	101	7.9	(w) 3.2
International Paper Co.................(c)....	7	96	7.3	1.75
Dodge Bros., Inc.......................(c)....	7	86	8.1	....
Consolidated Cigar Corp................(c)....	7	100	7.0	(x) 3.0
American Cyanamid Co...................(c)....	6	90	6.7	(x) 4.0
Warren Bros. Co. 2d Pfd................(c)....	3.50	46	7.6	(x) 15.0
PUBLIC UTILITIES:				
American & Foreign Power Corp..........(c)....	7	93	7.5	(x) 3.6
Hudson & Manhattan Ry................(n-c)....	5	75	6.7	(x) 3.6

SPECULATIVE INVESTMENTS

RAILROADS:	Div. Rate $ per Share	Approx. Price	Approx. Yield	Times † Dividend Earned
Chicago, Rock Island & Pac.........(5-7%)....	7	100	7.0	(x) 1.35
Gulf, Mobile & Northern................(c)....	6	102	5.2	(x) 1.3
Western Pacific ....(c)....	6	78	7.7	(x) 1.0

(c) Cumulative. (n-c) Non-Cumulative.
(w) Average for last two years.
(x) Average for last three years.
(y) Average for last four years.
† Average number times earned last five years.

Business Less Active

Underlying Situation Remains Sound But Conservatism More in Evidence

STEEL

Demand Lighter

NEW Bookings have been generally lighter in the steel industry in January than in December or November but shipments against orders previously placed are being made in good volume, sustaining the average rate of production throughout the industry. December, which is usually a light month as far as new business is concerned, was unseasonably good last year. It now appears, that the heavier December demand was made by consumers who filled their requirements further ahead than ordinarily to take advantage of the favorable price level. This unusual demand was interpreted in the industry as a sign of heavier consumption, that would continue during the early part of this year, and prices were generally marked up at the year end. Transactions during January seem to indicate that this was a mistake. The higher prices discouraged buying, especially as the steel con-

(*Please turn to page* 767)

COMMODITIES*

(See Footnote for Grades and Unit of Measure)

	1926 High	1926 Low	*Last
Steel (1)	$35.00	$35.00	$35.00
Pig Iron (2)....	18.00	18.00	18.00
Copper (3)	0.14⅛	0.13⅞	0.13⅞
Petroleum (4) ..	3.65	3.65	3.65
Coal (5)	2.17	2.17	2.17
Cotton (6)	0.21	0.20¾	0.20¾
Wheat (7)	2.10	1.98	2.05
Corn (8)	0.81½	0.76½	0.79
Hogs (9)	0.12⅝	0.11⅝	0.12⅝
Steers (10)	0.11	0.10½	0.10½
Coffee (11)	0.19	0.17⅝	0.19
Rubber (12) ...	0.93	0.70	0.70
Wool (13)	0.54	0.52	0.54
Tobacco (14) ..	†0.19	†0.19	†0.19
Sugar (15)	0.04¼	0.04⅛	0.04¼
Sugar (16)	0.05½	0.05⅛	0.05⅜
Paper (17)	0.03¾	0.03¾	0.03¾

*Jan. 30.

(1) Open hearth billets, $ per ton; (2) Basic Valley, $ per ton; (3) Electrolytic, c. per pound; (4) Pennsylvania, $ per barrel; (5) Pittsburgh, mine run, $ per ton; (6) Spot, New York, c. per pound; (7) No. 2 red, New York, $ per bushel; (8) No. 3 Yellow, Chicago, $ per bushel; (9) Light, Chicago, c. per pound; (10) Top, Heavies, Chicago, c. per lb.; (11) Rio, No. 7, Spot, c. per lb.; (12) First Latex crepe, c. per lb.; (13) Ohio, Delaine, unwashed, c. per lb.; (14) Medium Burleigh, Kentucky, c. per lb.; (15) Raw Cubas, 96° Full, Duty, c. per lb.; (16) Refined, c. per lb.; (17) Newsprint per carload roll, c. per lb. † Change from 1924 to 1925 crop.

THE TREND IN MAJOR INDUSTRIES

STEEL—Production continues at a satisfactory rate against specifications but new orders have fallen off during the month of January. Prices have eased off somewhat through the keener competition for new business, but the outlook for the quarter on the whole is good.

METALS—The non-ferrous metals are irregular with some signs of weakness. Foreign buying is still light and has a tendency to keep prices down. Copper has a strong undertone and should be in better demand.

PETROLEUM—Prices of both crude oil and refined petroleum products have advanced, the most striking increases being noted in the Mid-continent and Eastern districts. Aside from the remote possibility of an upturn in production, profits should be good this year.

SUGAR—A slow but sure trend to firmer prices is encouraging to the planters, now busy gathering in the new crop. The tremendous activity of the market indicates a larger demand than was expected, especially from abroad.

RUBBER—The market for crude rubber has been less active, even at the lower prices to which rubber has settled during the past month, with the largest consumers, especially in the United States buying as lightly as possible.

LEATHER—The larger production schedules of the shoe manufacturers have the tendency to stiffen the price of hides. Sales are encouraging and it is expected that the leather manufacturers will have a good half year.

AUTOMOBILES—Local automobile shows in various cities are bringing a fair volume of new orders to the dealers. Some of the Detroit manufacturers are expanding their current output; employment in the industry is higher than last year.

FURNITURE—The larger manufacturers made good progress in sales during January; dealers are increasing their lines and report a particularily good demand for moderately priced furniture.

TEXTILE—Wholesalers and jobbers are moving along a great many small orders for immediate shipment. Silks and rayon mixtures have been well taken up by a large demand of this character and some buyers are compelled to wait for delayed shipments.

RETAIL TRADE—Mail order houses report sales ahead of last year with a marked demand from the middle west. Apparel sales have been stimulated by more rigid weather; trade generally is good.

FARM IMPLEMENTS—Agricultural implement manufacturers are kept busy with a renewed demand from the south through what otherwise would be a dull season of the year. Dealers generally expect good sales this year.

SUMMARY—Manufacturing and merchandising lines have slowed up slightly since the start of the year but on the average can be classed as good to fair. On the whole business activity and the outlook for profits is better than this time last year.

What Little Business Can Learn From Big Business

Number One—Use of Credit

THOSE of us who read business and financial publications are accustomed to seeing so many economic treatises on the installment plan that it is easy to get the idea that installment buying is a sort of a national issue for college professors to lecture about rather than something that concerns us individually and personally. Perhaps it might be a good idea to forget the effect of "time payments" on the credit structure of the nation for a moment and get down to brass tacks.

How does installment buying concern you and me? What is the proper use of this new "credit for every man" scheme? How does it help us; how can it harm us? These are the things that you and I want to know.

The installment plan for payment of goods that we buy for every day use, in its present organization and proportion is a means of credit for the "little fellow." In its proper use, it gives him the same advantage that has always been enjoyed by the "big fellow." Of course, it also involves the same dangers. That is something that most of us overlook when we buy too generously on this plan.

Big business has had a number of generations of practical experience with the various uses of credit. Yet this is no reason why we should not benefit from big business' experience.

The management of the large corporation has frequently found that it is not a good thing to take all the credit that it can obtain. In fact when money loans too freely, the big business man becomes wary. From experience, he knows that he may lose his business entirely if he accepts too much credit at the wrong time. Many of the smaller users of credit—the installment buyers—on the other hand have not yet learned this lesson. They feel that, if anything goes wrong, it is the "funeral" of the merchant who sold them the goods. But an installment purchase is a definite

obligation—a debt—and it usually turns out, contrary to the installment buyer's notion, that the borrower does the worrying in the long run.

Here is a very simple rule governing the big business man's use of credit. Accept credit only when you can use it to advantage. A corporation borrows ten million dollars and pays 6% for the use of the money. If the borrowed money can be used to earn 8% to the corporation, it is a judicious and profitable loan. On the other hand, if the corporation uses the money to earn 4%, it must pay the difference out of its own pocket. The small credit user should govern himself by the same rule. If a farmer buys a plow on "time"; if a bank clerk buys a suit of clothes on the installment plan in order to better his appearance and increase his earning capacity; or, if a wage earner buys a dividend paying security on the partial payment plan—then credit has been used properly. These uses of credit are for a productive purpose; for something that will earn a return.

In spite of the way advertisements read, the credit extended on an installment purchase costs the borrower something; directly or indirectly. Consequently, he should obtain a larger return from this credit than it costs him. If he pays for credit to buy a non-productive article such as jewelry or fancy furnishings he is making the same mistake that a corporation makes when it borrows money at 6% and obtains only 4% or no return at all in the use of the money. There are so many things that can be bought on the installment plan that will give the borrower a good return in dollars and cents, directly or indirectly, that it would be well to limit installment purchases strictly for such purposes.

What BYFI Has in Store for You

IT is mighty fine to know that the readers of BYFI Department are sufficiently interested in it to give us many practical suggestions for articles and special features. Obviously there is a physical limit to our ability to publish all these suggestions, but do not assume, because you have not seen the article you desire, that we are "hard boiled" about the stated preferences of our readers. The following, however, represents some ideas submitted to us and after careful examination, we have decided to include them in future issues of BYFI.

HAVE YOU AN INCOME BUILDING PROBLEM? If so, write to BYFI. This is the keynote of a new departure in these columns which appears for the first time on page 731 of the current issue. From the questions asked in this issue you can see that there is no definite limit to the problems which BYFI will undertake to solve. If you are confronted by some difficulty in the accumulation of a competence; handling your investments, planning your budget, providing suitable protections for your savings or any other problem relating in any way to income building, drop a line to BYFI and a reply will appear in the columns of this new department.

SAVING THROUGH EFFICIENT HOME MANAGEMENT — a series of articles based on the experiences of our readers. Other contributions by authorities qualified to write on "household economics" will discuss saving in housekeeping expenditures. These articles will cover home management from a broad commonsense viewpoint and will be thoroughly practicable in every sense of the word.

HOW TO SELECT THE INDUSTRIES WITH THE BEST FUTURE. BYFI is often asked to explain what factors an investor should look for in each of the several major industries that have an important bearing on the securities that originate in the industry. What is the relative importance of a large working capital for a department store, a railroad, and a public utility? Which industries require the largest inventories? What makes a mining company prosperous? When should the oil stocks be avoided? If you have been puzzled by considerations of this nature, this series of articles will be most helpful.

Keep right on sending in your suggestions and special requests for articles. It is characteristic of the BYFI Department that its policy is dictated by its readers. If the subject matter suggested is of sufficient general interest in any of the wide variety of topics related in any manner to the keynote of the Department—"Building Your Future Income" and "Financial Independence At Fifty" —it will be published. If not you will receive a personal reply by mail. Perhaps you would prefer to set down your ideas in your own style. Articles of merit prepared by our readers are published in these columns from time to time at the regular publication rates.

How I Plan to Save $30,000 in Ten Years

A Practical Thrift Plan for a $6,000 a Year Salary—This Program Starts with a Mortgage Which Is Turned Into Net Wealth

By P. S. E.

Another Honorable Mention article in BYFI's 1925 Prize Contest full to the brim with common sense advice on the accumulation of a Thrift Fund. The author's budget, planned to overcome adverse circumstances, is well planned and thoroughly practical.

WE were just married and our first four years in New York were wonderful. I was receiving a little less than $4,000 a year with good prospects of more in the future. We spent it as we went, paying the high rents demanded in neighborhoods where we were not ashamed to bring our friends, spending the modest balance for food and clothes and an occasional outing.

It looked as if things ought to go on that way forever, but they didn't—for I lost my job, and we found ourselves suddenly stranded in the Big City with nothing saved, one one-year old baby and no job in sight. It looked like a rather hopeless situation for mid-winter,—but not so to the wife.

Looking For a Home

Her first and characteristic move was to scout around for a good permanent home to buy. We found one that appealed to us for $11,000 in Northern Jersey and within excellent commuting distance of both New York and Newark. The agent wanted $1,500 down and we had only $200 from my last pay check, but we easily found obliging friends to loan us the $1,300 balance,—$1,000 to be paid in three years at 6% interest on a third mortgage, and $300 to be repaid as convenient. The first mortgage of $6,500 was a Building and Loan Mortgage and the second mortgage of $3,000 was taken by the builder. Both were to bear interest at 6% and payments were to be made at the rate of $65 a month to the Building and Loan and $35 a month to the builder. Talk about buying a home on a shoestring. We bought that one on a piece of No. 40 cotton thread.

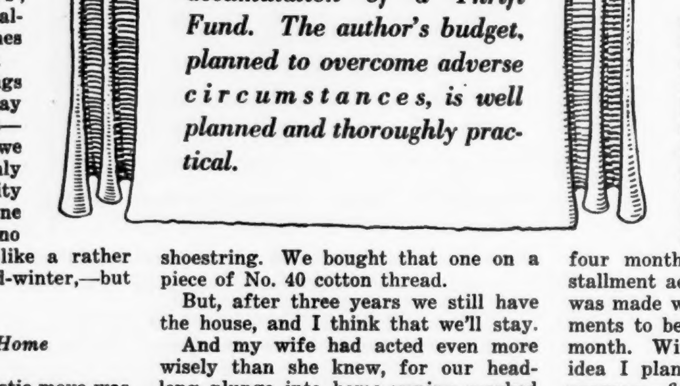
But, after three years we still have the house, and I think that we'll stay.

And my wife had acted even more wisely than she knew, for our headlong plunge into home-owning marked the ending of a period of Spend-it and the beginning of a new era of Save-it.

Seized by the Investment Fever

I was about two years in getting located again in some occupation that I liked well enough to stay with, and this time it was with a public utility company. The first month I was there the company inaugurated a customers' ownership campaign, offering a 7% cumulative preferred stock subscriptions payable in installments of $5 a month. I subscribed to one share. The next month I bought another share on the same terms.

Then the fever of investment seized me, and has been with me ever since. I decided to buy a share regularly, but on the following plan, — the first month one share, the second month one share, skip a month and buy a share the fourth month, then skip two months and buy again, skip three months, then four months, etc., replacing each installment account as the final payment was made with a new account, all payments to be made at the rate of $10 a month. With this brilliantly conceived idea I planned a ten-year investment program, figuring that at the end of that time my mortgages would be paid and I would have a stock and bond account of $12,275, yielding an annual return of $800 a year at 7% interest. For I believed and I still believe that by following the excellent guidance of THE MAGAZINE OF WALL STREET I can realize an annual investment return of 7% safely and conservatively.



I am still following this plan, putting my dividends, which will total $3,037.75 in ten years, in a savings account at 4%.

The results of the plan are as shown in the accompanying table and chart. I have made as time went on two minor modifications as follows: the final payment on my second mortgage will be met at the end of seven years and ten months. I intend at the expiration of that time to

continue to put $35 a month into Building and Loan shares. The other modification is the thing that keeps me young. As I get paid only twice a month, I can add to my savings only twice a month. This does not appease my awful new-found craving. There is a savings bank near my office that operates a stamp machine and I can now save daily by shoving small change into that machine,—one cent for the first day of the month, two cents for the second day of the month, three cents for the third day; my daily savings corresponding to the day of the month.

It's a kid's game but I look forward to it daily and it nets my savings account from $4.65 to $4.96 a month according as that month has thirty or thirty-one days. I figure my savings from this source at the end of the ten year period as worth $525 and in the same time Old Man 4% will have paid me in interest $375. My Building and Loan shares, following the extinction of my second mortgage should net me $1,045.

I am now on the third year of a plan representing an average saving of about 40% of an annual income of $6,000 a year. The ten years' grind may be a hard one but I figure that at the end of the period the denial of many luxuries and the devotion of the wife who is helping me to realize my ambition will be amply compensated.

I expect to have at the end of ten years an estate of $29,256, valuing the house at the price I paid for it. Beyond this I am carrying only $3,500 life insurance besides an accident and health policy. This may be rather too light an insurance to carry, unless I am as one of our contributors expressed it "Building My Own Endowment."

A Savings Budget for a $6000 Income

Month	Due on Mortgage	Equity in House	Stocks	Dividends	Daily Savings	Bank Interest	Building Loan	Net Worth
1	$9,456.35	$1,543.65	$5.00					—$7,908.70
2	9,398.63	1,601.37	15.00					—7,782.26
3	9,340.62	1,659.38	25.00					—7,656.24
6	9,164.85	1,835.15	70.00					—7,259.70
9	8,946.20	2,053.80	145.00					—6,747.40
12*	8,655.38	2,344.67	240.00	......	$3.60	....	......	—6,067.06
				SECOND YEAR.				
3	8,320.48	2,679.52	345.00	......	$18.17	....	......	—5,277.79
6	7,983.88	3,016.12	480.00	$1.75	32.15	....	......	—4,453.86
9	7,245.30	3,754.70	630.00	8.75	46.41	....	......	—2,805.44
12	7,052.02	3,947.98	835.00	17.50	60.98	$.36	......	—2,190.20
				THIRD YEAR.				
3	6,856.83	4,143.17	1,045.00	29.75	75.57	.36	......	—1,563.00
6	6,658.69	4,341.31	1,275.00	45.50	89.55	1.46	......	—905.87
9	6,457.57	4,542.43	1,515.00	66.50	103.81	1.46	......	—228.37
12	6,253.41	4,746.59	1,755.00	91.00	118.38	3.57	......	+461.13
				FOURTH YEAR.				
3	6,046.17	4,953.83	2,025.00	117.25	132.95	3.57	......	1,186.43
6	5,835.72	5,164.28	2,295.00	150.50	147.22	7.00	......	1,928.28
9	5,622.19	5,377.81	2,565.00	187.25	161.48	7.00	......	2,676.35
12	5,405.44	5,594.56	2,865.00	229.25	176.05	12.08	......	3,471.50
				FIFTH YEAR.				
3	5,185.43	5,814.57	3,165.00	278.25	190.62	12.08	......	4,275.09
6	4,962.11	6,037.89	3,465.00	329.00	204.60	19.19	......	5,093.57
9	4,735.41	6,264.59	3,785.00	386.75	218.86	19.19	......	5,938.98
12	4,505.30	6,494.70	4,115.00	449.75	233.42	28.81	......	6,816.38
				SIXTH YEAR.				
3	4,271.71	6,728.29	4,445.00	518.00	247.99	28.81	......	7,694.38
6	4,034.61	6,965.39	4,775.00	595.00	261.97	41.31	......	8,604.06
9	3,794.95	7,205.05	5,135.00	673.75	276.23	41.31	......	9,536.39
12	3,550.65	7,449.35	5,495.00	759.50	290.80	57.21	......	10,501.21
				SEVENTH YEAR.				
3	3,302.78	7,697.22	5,855.00	852.25	305.36	57.21	......	11,464.26
6	3,051.08	7,948.92	6,215.00	952.00	319.33	77.04	......	12,461.21
9	2,795.57	8,204.43	6,605.00	1,058.75	333.59	77.04	......	13,483.24
12	2,536.22	8,463.78	6,995.00	1,167.25	348.16	101.34	......	14,539.31
				EIGHTH YEAR				
3	2,272.95	8,727.05	7,385.00	1,286.25	362.73	101.34	......	15,589.42
6	2,005.70	8,994.30	7,775.00	1,412.35	377.02	130.73	......	16,683.60
9	1,734.43	9,265.57	8,185.00	1,543.50	391.28	130.73	......	17,781.65
12†	1,522.46	9,477.54	8,605.00	1,685.25	405.85	165.74	$105.35	18,922.27
				NINTH YEAR.				
3	1,349.44	9,650.56	9,025.00	1,830.50	420.42	165.74	212.46	19,955.24
6	1,173.81	9,826.19	9,445.00	1,956.00	434.09	207.05	321.18	21,015.70
9	995.56	10,004.44	9,865.00	2,117.00	448.35	207.05	432.56	22,127.17
12	814.29	10,185.71	10,315.00	2,285.00	462.92	255.38	544.61	23,234.32
				TENTH YEAR.				
3	630.59	10,369.41	10.765.00	2,463.50	477.49	255.38	658.34	24,358.53
6	442.11	10,557.89	11,215.00	2,643.75	491.47	311.79	773.79	25,551.58
9	252.80	10,747.20	11,665.00	2,836.25	505.73	311.79	890.97	26,704.14
12	60.64	10,939.36	12,115.00	3,035.75	520.30	375.72	1,004.90	27,930.39
				ELEVENTH YEAR.				
1	paid	11,000.00	12,275.00	3,035.75	525.26	375.72	1,044.92	29,256.64

*Third mortgage of $1,000 paid off from Oct.-March.

†Final payment on 2d Mortgage and beginning of Building Loan.

Buy Insurance With a Definite Purpose

The Author's Insurance Is Well Balanced, Providing for His Children's Education, a World Tour, Wealth Accumulation, and at the Same Time, Adequate Protection to His Family

By E. H. P.

LIFE insurance will do many things that the average man may never think of. He looks at insurance as something in which he gambles that he will die before maturity of the policy, whereas the insurance company bets he will not. Personally I do not believe in buying a policy just to carry insurance; but I believe it should be carried with a definite purpose in view, increasing it as one's responsibilities require.

An outline of my own insurance plan may best convey my meaning. Twenty-five per cent of my annual salary, not income, is devoted to payment of premiums on life, health and accident insurance policies. In the past, responsibilities and salary increases have climbed almost together, so I have added policies, each for a definite purpose.

Adequate Protection

My salary is $2,100 annually. My family consists of my wife and children of five and six years. For $525 premium cost I carry $15,000 in various forms of life insurance and $5,000 accident and sickness. The latter gives me an income in case of some unforeseen mishap.

Each of the $5,000 policies is so arranged that it will provide for education of the two children should I not be here to pay their way through school. The other two life policies, $5,000 together, will give my wife ready money should I die unexpectedly and leave funds tied up in investments which it would be inadvisable to liquidate. It would furnish her enough to care for all immediate insistent needs.

In 1926, when an expected salary increase materializes, we are going to break our 25 per cent insurance rule. The entire increase is going into life insurance—for a purpose.

A World Tour Assured

I am 30 years old. Under ordinary circumstances, my wife and I should be in good health for at least 25 or 30 years more. As soon as the pay boost comes we are going to take out $5,000 in 20-year endowment form and when it matures we shall use the funds for a "round-the-world" tour. That may sound like an unreasonable hope for one working on a comparatively small wage but we know by judging the future by the past that we can make good on our plans. While we are preparing for the trip it will provide another $5,000 protection for my wife should fate decide on another journey for me. We will be 50 years old when the policy matures and the insurance company gives us a check for $5,000—just the right age to best enjoy ourselves.

When I see a man buying a home on time payments and not protecting his wife with an insurance policy at least large enough to cover deferred payments, I always am tempted to make a suggestion, and if a friend is involved I often do. When I see a family growing up and know that the wife would have to find work a few weeks after her husband died and support herself and children I feel that the husband is derelict in his duties in not carrying life insurance. Almost any company will pay the principal in monthly installments should anyone be afraid his wife is not capable of handling the entire amount in a lump sum.

Definite Purpose for Insurance

It would take a large sum of money to buy my insurance policies from me if I could buy no more. Loss of two of them would mean possible handicapping my children by lack of education. To drop the other two would leave my wife with unnecessary burdens of worry about finances. Not to take the prospective policy would mean loss of a pleasure on which we have our hearts set.

The policies we now have will provide us at maturity with protection or cash for the periods of our lives after we reach 50.

There are thousands of wage earners in every large city who do not carry insurance or sufficient insurance because of the still too prevalent idea that one must die to win.

If more insurance agents sold policies on the basis of forming in the mind of their client a definite purpose for the insurance at maturity rather than stressing only the protection feature, there would be more insurance sold and far fewer lapses.

BYFI Recommends

	Approx. Price	Yield
Bonds **with a high factor of safety, ready marketability and good collateral value:**		
N. Y. Telephone Co. ref. 6s Ser. "A" '41	108	5.2%
Del. & Hudson 15-year 5½s '37	103	5.1
Bethlehem Steel 1st guar. 5s '42	99	5.1
N. Y. Cent. & Hud. River deb. 4s '34	95	4.8
Bonds **with a good factor of safety, fair income, good marketability and collateral value:**		
American Sugar Ref. 15-year ref. 6s '37	104	5.6
Anaconda Copper 1st 6s '53	102	5.8
Cuba Railroad 1st 5s '52	91	5.7
U. S. Rubber 1st 5s '47	94	5.7
Preferred stocks **with ample security, a liberal income return and some possibility of enhancement in value:**		
Famous Players preferred ($8)	120	6.6
U. S. Smelting & Refining preferred ($3½)	49	7.2
Schulte Retail Stores preferred ($8)	117	6.8
Willys-Overland preferred ($7)	98	7.1

Reading the Income Statement

There Are Many Mental Reservations That the Investor Must Make When He Analyzes An Income Statement

By STEPHEN VALIANT

IN a previous article, the relative importance of the facts disclosed in a corporation's balance sheet was discussed. By way of summarizing, it might be again pointed out that the balance sheet shows only the financial condition of a company at a stated date. When we want to find out how much the company under consideration is earning, we turn to its published income account. The income statement covers a definite period; it shows how many dollars have been taken in by the company during this time; how many have been paid out in charges and expenses, and the balance that remains for distribution to stockholders or for other corporate purposes.

By way of illustration, the comparative income account of the Republic Iron & Steel Co. for the two years 1924 and 1923 is reproduced in the accompanying box. The figures for the two years are set up side by side to enable us to see the comparative gain or loss in each item at a glance so that we may know whether or not the company is going forward or falling behind. The Republic Iron & Steel Company statement has been selected for an illustration, because it gives the figures in fairly good detail.

Republic Iron & Steel Co.

Comparative Income Account

	1923	1924
Gross Sales	$59,043,131	$43,982,523
Operating charges*	50,442,339	40,213,169
Operating profit	8,600,792	3,769,354
Income from investments	667,004	645,303
Total income	9,267,796	4,414,657
Deduct:		
Depreciation and renewals of plant	1,404,579	1,133,131
Depletion of mines	384,359	240,958
Total deduction	$1,788,938	$1,374,089
Balance (available for bond int.)	7,478,858	3,040,568
Interest and discount on bonds and notes	1,226,640	1,122,632
Net income (available for dividend)	6,252,218	1,917,936
Preferred dividends	3,250,000	2,000,000
Common dividends	none paid	none paid
Surplus for the year (or deficit)	3,002,218	(d)82,064

(d) Deficit for 1924.
*This figure includes maintenance charges and repairs of $3,932,216 in 1924 and $4,533,728 in 1923.

The total of all such sales made during the year (the figures on the table cover the full calendar year from January 1 to December 31) are tabulated and set down with the designation *"gross sales."* Of course this money is not profit—it is merely the sum of all dollars received from the sale of the company's products. Its manufacturing processes involve heavy expenditures for labor, materials, transportation, selling costs and a great many other items, all of which are totalled and listed under the heading *"operating charges."* Sometimes, when business conditions are unfavorable and operating costs are high, the total charges may be more than the amount received in sales; in such case the company under consideration would be said to have an *"operating deficit."* Republic Iron & Steel received more money from sales in both 1923 and 1924 than it spent to manufacture and sell its products and consequently earned an *"operating profit."*

The accountants who tabulated these results indicated in a footnote that the Republic Iron & Steel Co. spent certain indicated sums to replace worn out machinery and keep their plants in good physical condition, which sums were included with *"operating charges."* It is important to know just how much attention and money is devoted to proper upkeep; otherwise a net profit might be reported which actually would not be a profit at all. If a corporation earns $500,000 and its equipment is allowed to wear out so that it is worth $500,000 less at the end of the year, the corporation is obviously no further ahead at the end of the year than at the beginning. Should this $500,000 balance in cash be distributed in dividends, the stockholders would receive only a distribution of the assets—not earned income.

The item of *"income from investments"*—sometimes called "other income"—is the amount of dividends or coupons received from stocks and bonds in which the corporation has invested its surplus cash; the income from subsidiary companies is usually not listed in "other income" but instead the entire income of the subsidiary is included in "gross income" or "total sales"; or, in other words, the accounts of the operating company and its subsidiaries are grouped together into a "Consolidated Income Statement." On the Republic Iron & Steel Co. statement, a separate deduction is made for *"depreciation of the plant and equipment."* The question now arises: what is the difference between a deduction for maintenance and a deduction for depreciation? Maintenance, as described in a foregoing paragraph, is the expenditure for replacements—money actually spent and charged to operating expenses. Depreciation, on the other hand, is not an expenditure but a bookkeeping transaction arrived at in the following manner: First, the theoretical life of the various kinds of property owned is estimated; from this it is calculated how much the fixed assets depreciate in a year over and above the equipment that wears out and must be replaced; then this amount is deducted from the year's income and a reserve is set up to offset the rate of depreciation of the property.

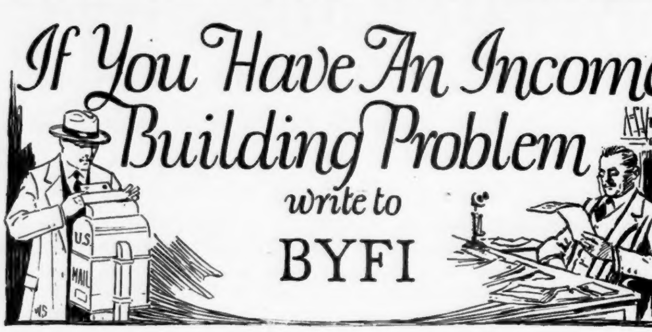
Depletion is another reserve that is arrived at and set up in the same man-

ner; it is intended to offset the gradual exhaustion of the ore bodies in the company's mines. Oil and mining companies must charge off a large part of their income because the crude oil or ore that is taken out of the ground lowers the value of the property. It is not considered conservative or judicious for an oil or mining company to pay out all of the income earned in a year without making suitable allowances for depletion. This amounts to a distribution of the assets and is not strictly speaking earned income. Stockholders in this case should consider a part of their dividends a return of principal and reinvest it instead of spending the entire amount paid out in dividends.

After all these deductions, the amount that remains is considered the *"net income"* and is payable; first, an amount previously agreed upon to the bondholders; second, an amount also fixed, to the preferred stockholders, and third, any part of the balance, that the directors of the corporation see fit, is distributed to the common stockholders. In the case of the Republic Iron & Steel Co., which we have taken to illustrate the income account, no earnings were paid in either year on the common stock, although a surplus of over 3 million dollars was available for this purpose in 1923. In 1924, the full amount of the preferred dividend had not been earned but was made up out of the corporation's surplus. Consequently, a deficit was shown in the corporate income account for that year.

The Republic Iron and Steel Company is primarily an operating company, i.e. its principal function is to operate steel mills which it owns outright. Sometimes corporations are formed to own stocks of other companies but have no physical property of their own. This latter type of company is called a "holding company" because its only function is to hold stocks of other corporations which are called its subsidiaries. These two different kinds of corporations have a different manner of auditing their income accounts; the operating company publishing an audit of the income derived directly from the operation of its property and the holding company publishing what is termed a "consolidated income statement." The consolidated statement is prepared in the following manner: First, each subsidiary prepares its own income statement; then all of the income statements of the subsidaries are grouped together; gross sales operating expenses, and every other item of income and expense are lumped into one sum.

Providing that the holding company owns 100 per cent of the stock of each subsidiary, these totals represent the completed consolidated income account. If the holding company does not own all of the stock, an adjustment must be made.



Dear BYFI:

Several friends of mine and myself formed an Investment Society about a year and a half ago along the lines suggested in your columns. The plan has been very successful because we have always had harmony and have been able to build up a nice surplus. Two of our members now plan to leave the city and suggest that we dissolve the society paying out all proceeds to the members. To do this we would have to sell some of our issues at a slight loss and the other members desire to keep the society going. To your knowledge have other savings societies had any such problem and how did they solve it?—A. L. S., Kansas City.

Your problem is one that most of the savings associations or societies run into sooner or later. One of the most practical solutions would be to incorporate the association, giving each member as many shares as he has paid in monthly instalments to the joint fund. Then you have a permanent organization which cannot be disturbed by members who for one reason or other decide to disassociate themselves from the organization. Sometimes the member leaving the society will be able to arrange to transfer his interest (*i. e.*, his stock) to another person. Another way of surmounting this difficulty is for the society to issue notes in exchange for the stock of the dissatisfied party, the notes maturing serially every month. The maturities may then be met either by gradual liquidation of part of the invested assets or by again reissuing the shares against the monthly instalments of the remaining members.

Dear BYFI:

I have had some unfortunate experiences in making my investments, and after a number of losses in securities I have decided to put all my money in a savings bank and be content with 4% interest. Having planned to open an account with a savings bank in this city, my friends now tell me that I am not entitled to withdraw my money any time I want to, but might have to wait a month to make a withdrawal. Although the bank told me that I could get my money at any time, my friends say that there is a hitch to this. Can you give me reliable information about the savings bank account.—E. D., Buffalo.

In a period of emergency, savings banks in the State of New York and other states may demand 60 days' notice from depositors who wish to withdraw their money deposited with the bank. This feature of the law would be a protection to savings bank depositors should some financial stringency arise, but in normal times is waived by the savings banks for the convenience of their customers. Any savings bank officer will be glad to give you information relative to this and any other feature of a savings bank account and the data that you receive from the bank direct is more likely to be accurate and reliable than offhand information from your friends. Your previous investment experience has made you too cautious. Do not let this prevent you from learning how to make good investments. Learn how to do this while building up a reserve in the savings bank.

Dear BYFI:

For convenience sake I would like to arrange to have a bank honor my wife's signature to my checks, but for personal reasons do not wish to open a joint account. My own bank refuses to permit this. Could you give me the name of any bank in New York City that would give me the accommodation I wish?—L. M., New York City.

Naturally a bank will not honor a check unless it bears the signature of the name in which the checking account has been opened. Our suggestion is that you give your wife power of attorney over your account, making the necessary sworn statements to the bank. In this event she would sign your name to the checks, writing her name under yours followed by the word "attorney." The bank in which you have your account now will permit this, and it should overcome your personal objections to opening a joint account but in effect would give your wife the accommodation of a joint checking account.

Larger Earnings Ahead for Oil Supply Companies

An Interesting Industry and the Prospects for the Leading Shares

FROM the earliest beginnings of the petroleum industry, the business of providing drilling equipment and oil well supplies has been subject to numerous and unheralded changes in volume and profits. Trends have been extremely difficult to forecast and have developed with such speed as to prevent producers and distributors from being able to prepare either for depression or for boom. In spite of this handicap, two of the leading companies producing and selling petroleum industry equipment have long and uninterrupted dividend records. Oil Well Supply Company and its predecessor have paid regular cash dividends in each year since 1899 and National Supply Company and the predecessor corporation have a dividend record which goes back to 1898.

Since the development of new oil fields and changes in the petroleum market such as stimulate new drilling are the prime factors in the demand for petroleum equipment, and since these factors cannot be forecast more than a few weeks, or at best a few months, in advance, it is necessary at all times to maintain large inventories. When oil companies want to drill wells, they will brook no delays. Delay means that the other fellow may have a chance to get the oil from your wells drilled on adjoining leases, or that he will have first chance at the favorable oil market in prospect. If the supply company wants to obtain business it must have machinery ready for immediate shipment. Hence, the balance sheets of the supply organizations usually reveal large inventories and frequently heavy bank loans. The absolute necessity of being able to take care of a big volume of orders on short notice naturally also has led to the development of a few large organizations and to gradual elimination of the smaller manufacturers.

In so far as it is possible to indicate trends in the supply industry, perhaps the figures of daily average petroleum production, published weekly, are the best barometer. Rapidly increasing crude oil output usually means a decline in orders for new drilling equipment and a series of declines in crude oil production usually means a coming increase in equipment orders. Statistics as to new wells, rigs in operation, etc., represent business already experienced. According to trade authorities, daily

The Three Petroleum Industry Supply Companies

	Oil Well Supply	National Supply	Bridgeport Machine*
1925 Net Per Share, estimated..	$4.00	$8.00	$1.00
1924 Net Per Share	0.35	5.09	0.49
Current Annual Dividend.......	2.00	3.00	None
Recent Price	32	56	14
Approximate Yield	6.3%	5.4%	None
1925 Range	38-33⅝	71-54⅝	14-4½

*Stock listed N. Y. Curb; others on N. Y. Stock Exchange.

average production of crude oil in the United States now is below 2,000,000 barrels and still declining. In spite of large surplus stocks of crude and gasoline the trend of petroleum prices apparently is definitely upward. Drilling is bound to be stimulated, and this should mean a good demand for supplies.

While no definite figures are yet available for the period, it is believed that the profits of the supply companies in the second half of 1925 were larger, on the whole, than for the first half; and that profits for the first half of 1926 will be larger than earnings for the first half of the preceding year. Present inventory positions are comfortable, and bank loans are small.

The leading companies, in order of importance, are Oil Well Supply, National Supply, Lucey Manufacturing and Bridgeport Machine. Of course there are many other smaller concerns, but most of them are closely owned or are subsidiaries of one of the four named. Because ownership of Lucy Manufacturing is concentrated, and because its securities are not listed on any stock exchange, that company is not discussed below.

NATIONAL SUPPLY COMPANY National Supply Company of Delaware is the indirect successor of a company which has been in business for thirty-two years. It makes all kinds of drilling machinery, tools, engines, oil pipe, etc., and has favorable selling agreements with many other machinery producers, merchandising from about 90 different stores or warehouses located so as to serve almost every important oil field in the United States. Principal manufacturing plants are at Toledo and Dayton, Ohio, Carnegie, Pa., West Chicago, Ill., Fort Worth, Texas and Torrance, Calif. The Union Tool Company is one of National Supply's more important subsidiaries.

Aside from a few unimportant subsidiary bond issues, National Supply has no funded debt, and at the end of last June the balance sheet showed no bank loans. Stock capitalization consists of 70,951 shares of $7 cumulative preferred and 265,900 shares of common. The common has paid regular quarterly dividends of 75 cents a share since the first quarter of 1923 and in 1924 paid a stock dividend of 10%. The common stocks of the two predecessor companies paid regular dividends without interruption from 1898 to the organization of the new corporation in 1922.

Net profits in the first half of 1925, after all charges, were just under one million dollars, or, after preferred dividends, $2.82 a share on the common. For the full year net may be estimated at between $7 and $8 a share compared with $5.09 a share in 1924 and $14.67 a share in 1923. The predecessor corporation earned better than $17 a share on the present company's capitalization in 1920, and covered present dividend requirements in every year from 1915 to dissolution.

At the end of June cash and call loans totaled 4 millions against 14.5 inventories and 4.3 millions current liabili-

ties. At present inventories probably are larger and cash holdings may be a trifle smaller.

Given a good year in 1926, National Supply easily could increase its dividend rate to $4 or $5 a share. This makes the common stock, recently selling at 56 to yield 5.4%, an attractive speculation. Last year it sold as high as 71 in January and as low as 54⅝ in December. The preferred, callable at 115, but not convertible, is entitled to a high grade rating as a business man's investment. This stock is quoted at 108 to yield about 6.5%.

OIL WELL SUPPLY CO. Oil Well Supply Company with its subsidiaries ranks as the largest manufacturer of machinery and supplies for the drilling and operating of oil wells, and has developed an important foreign business in addition to domestic trade. Because of banking connections it seems logical to expect this concern to obtain the lion's share of the orders from such firms as Barnsdall, Pan American Petroleum & Transport, Phillips, Lago Petroleum, Standard Oil of Indiana and several other companies.

Although until recently rather closely owned and little known in the financial community, Oil Well Supply really is one of the older industrials. The business originally was founded at Oil City, Pa., in 1862. Its trade mark, "Oilwell," is one of the best known in the trade.

Earnings usually have been quite satisfactory, although there are occasional unprofitable years in the record. The present corporation and its predecessor have paid regular dividends on the common shares for a period of twenty-eight years. In 1925, net earnings after all charges and dividends on the 70,000 shares of $7 preferred stock amounted to about $4 a share on the 325,000 shares of common on which regular quarterly dividends of 50 cents a share are paid. Last year sales increased 26% over 1924, aggregating roughly about $36,000,000.

Aside from 2.1 millions of 6% serial bonds, Oil Well Supply has no funded debt. The 70,000 shares of $7 cumulative preferred stock of $100 par value are convertible into common at the option of the holder at the rate of $40 a share for the first 20,000 shares converted, $45 a share for the next 20,000 shares, and $50 a share for the remaining 50,000 shares. With the common paying but $2 per annum and earning but $4 per annum, this privilege is of little immediate value, but it gives the prefered additional long term attractiveness.

On June 30, 1925, *the consolidated balance sheet showed* 1.8 *millions in cash and government bonds against* 13.1 *millions inventories,* 3.8 *millions total current liabilities, and no bank loans. Thus, financial position is satisfactory and in the event of higher earnings in* 1926 *could lead to a higher dividend rate. Profits at the rate of* $5 *or* $6 *a share would justify a* $3 *dividend rate and thereby stimulate the price of the shares. The preferred seems a trifle more speculative than National Supply preferred, but the dividend may be regarded as well protected.*

BRIDGEPORT MACHINE CO. With a gross annual business of only a little over a million dollars, Bridgeport Machine Company is a much smaller company than either National Supply or Oil Well Supply. Its business is much more specialized, also, being largely fishing tools and Swan underreamers, and more localized. Products are sold directly and through other oil well supply organizations. The company has two plants, the main plant at Wichita, Kansas, which manufactures fishing tools, and a plant at Marietta, Ohio, which is devoted exclusively to the production of the Swan underreamers.

For the past two years earnings have been influenced by the problem of liquidating heavy inventories and improving financial position. As a result profits have been moderate, being about $1 a share in 1925, 49 cents a share in 1924 and 79 cents a share in 1923, and no dividends have been paid on the common stock since April, 1924. Bridgeport has no funded debt, but there are 5,210 shares of 7% cumulative preferred stock of $100 par value outstanding ahead of the 150,000 shares of common. From July, 1923, to April, 1924, the common paid 25 cents quarterly.

During the final months of 1925 it is understood that profits were quite satisfactory, and from time to time there was talk of dividend resumption on the common. It may be pointed out, however, that financial position hardly is such as to indicate early resumption. At the end of 1924 cash holdings were $67,895 against $883,280 inventories and $395,000 bank loans. At the close of 1925, bank loans and inventories, without doubt, were lower and cash holdings larger; but in event a good volume of business is offered Bridgeport may stand in need of additional working capital.

The common stock, traded on the New York Curb, is a speculative issue and at around 14, *compared with a low of* 4½ *last year and a high of* 16½ *in* 1923 *when paying regular dividends, seems to have discounted to a considerable extent any recovery in earnings so far evident.*

IMPORTANT!

We have included a complete list of the more important oil companies in our Dividend Forecast Section of the next issue. Together with the essential data on earnings, price record and dividends, we give our opinion of the dividend possibilities of each company. Because the 1926 oil year promises well, it is especially important to have a good idea as to the relative value of the securities representing this industry. Hence, if you are an investor in oil securities or are likely to become one, be sure not to miss this feature as it will give you at a glance what you want to know about these companies.

How to Select Mining Securities

Important Difference Between Mines and Prospects—Why Mining Securities Are Regarded as Ultra-Hazardous—Reasonable Safety and Profits in Mining Securities Not Difficult to Attain

Ten of the Superior Type of Mining Stocks

	1925 High	1925 Low	Dividend Rate	Recent Price	Income Return %
††Anaconda Copper	53¼	35¼	$ 3.00	50	6.00
†American Metal	57⅝	45¾	4.00	55	7.27
Cerro de Pasco	64⅜	43⅛	*5.00	62	8.06
Chile Copper	37⅝	37½	2.50	35	7.14
††International Nickel	48½	24¼	2.00	45	4.44
Kennecott Copper	59¼	46½	4.00	55	7.27
Magma Copper	46	34	3.00	43	6.97
**Newmont Mining	47⅛	43⅛	2.40	48	5.00
New Jersey Zinc	214⅛	181	*12.00	210	5.71
St. Joseph Lead	52⅛	35¾	*3.00	46	6.52

† Not strictly a mining company, but closely identified with the mining industry. * Partly extra. †† Fabricates as well as mines metals. ** Holding company.

WITH the exception, perhaps, of oil stocks, there is no class of securities which presents more baffling problems to the investor than the selection of mining investments. And by the same token there is no class of investments which presents a stronger psychological appeal to the great, primary, human emotion—the desire to acquire.

The reasons for this are not far to seek. In the first place a mine, in the abstract, is a conception which everyone understands. Mankind has delved in the earth since the very beginnings of time. In practically every great mine of today, evidences are abundant where primitive peoples have pecked at the ore bodies with puny tools. The Incas knew how to mine and treat gold and silver from the rich mines of Bolivia and Peru centuries before the Spaniards set foot in the western world. The black tribes of central Africa had obtained copper for many years before the white man came from the great ore bodies which now comprise the Katanga mines. In fact, the first great stride of primeval man was registered when he learned how to mine and smelt iron and so emerged from the Stone Age.

In the second place, there is always an element of mystery, and hence great possibilities, about a mine. We hear of the men who discovered the Comstock lode and became fabulously rich almost over night. But we hear little of the thousands of other weary prospectors who spent their lives combing the same, bleak wastes for little or no return. Perhaps the particular mine in which we are interested will prove the great exception! Who knows what the deep bowels of the earth may contain—etc., etc.? Which, very likely, affords the basis for the saying that more gold has been put into the earth than has ever been taken out of it.

The modern and up-to-date investor, however, spends none of his good money in chasing rainbows. Stories of the "Spanish Prisoner" and the "Dying Miner" he regards as interesting fiction, which they are. Moreover, when he invests in a mine he understands thoroughly whether he is investing or speculating.

Mines versus Prospects

One of the chief causes for disappointment in mining investments is the fact that most persons think they are buying into a mine, when in reality they are buying into a "prospect." Now a mine is as different form a prospect as a chicken is different from an egg. A prospect, as the name indicates, is merely a hope, an expectation that eventually a given property can be developed to a point where it will make an adequate return on the capital invested. Obviously, then, a prospect is a speculation pure and simple.

Just where a prospect leaves off and a mine begins is not easy to determine dogmatically. In the writer's opinion, a prospect may be termed a mine when it has been developed to a point where, beyond reasonable doubt, it may be expected to produce profitably.

Since prospects are where the public loses most of its money in mining investments, let us consider the prospect first.

Prospects are not for the uninitiate or those who cannot afford to lose money. They are for capitalists, business men or investors of means who are in a position to set aside certain definite amounts and understand and are willing to take the risks which are attendant upon investing in mining prospects. They are prepared to take a 100% loss if developments take place, as often happens in mining, which no human eye can foresee. On the other hand, such investors do not "go it blind" in their selection of mining prospects. Far from it.

Importance of Management

After many years of experience in the mining field and personal contact with the largest mining interests in the country, the writer is of the opinion

that the matter of integrity and ability in mining management is of first consideration in the subject of mining investments. This may sound banal and commonplace, but when one realizes that in mining, an investor is far more at the mercy of the management than in almost any other field, one perceives the importance of ascertaining whether the management is not only honest but able. No man, no matter how honest he may be, can create values where none exist and no matter what a mine may contain, if the management is dishonest or inefficient, the investor is out of luck. A fool will bungle a Golconda and a crook will cheat an investor out of his just returns even though the investor owns an interest in King Solomon's mines.

Are the people behind the particular proposition mining men of experience and *successful records*, or are they promoters who are passing the entire risk on to the public? Have they any considerable funds of their own in the proposition or are they trying to run a shoestring into a million? Who are the mining engineers associated with the proposition? Are they men of standing in the mining world or are they of that mongrel breed who will make a favorable report on any old hole in the ground *at a price?*

Big capitalists always send their own engineers to make reports before investing large sums. The smaller investor can find some mining engineer among his acquaintance who will be willing, for friendship or a small consideration, to make a report on a mining prospect. Honest mining promoters, when they are asking for the public's money, are willing and even eager to submit fullest details. Beware of that particular proposition where the *management assumes an air of mystery and seeks to tell you fairy stories instead of submitting cold facts and figures.*

With an honest and efficient management, favorable engineering reports and careful calculations which indicate that a prospect may be expected to develop, in time, into a successful mine the investor should next consider whether the company is adequately backed financially. Are the people behind it in a position to put in more money or raise more money in the event that the cost of development exceeds first estimates? For some reason or reasons, more or less obscure, it seems to be physically impossible to develop a mine within original cost estimates. Perhaps that ought not to be the case but it is a fact and not a theory. Braden Copper is a striking example. It required many millions over original estimates and many years to bring Braden to a profitable point. Only those with resources like the Guggenheims could have seen the thing through.

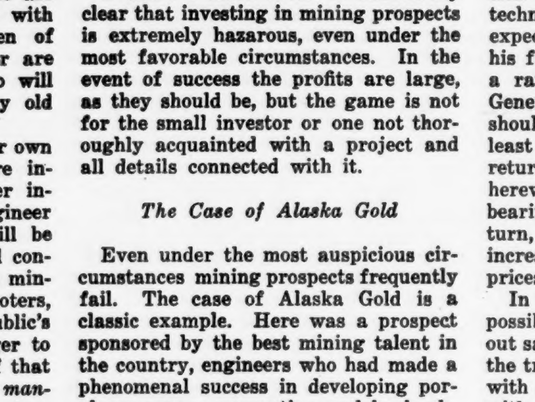
On the other hand, the original subscribers to Calumet and Hecla were never called upon to make full payments on their subscriptions. Here was an exception to the rule. You can never tell. As a general proposition, don't go into any prospect which lacks strong financial backing. You may lose out on a big thing, but the probabilities are that all you will lose is the opportunity to take a big loss.

If the management is honest and experienced, the engineer's reports trustworthy and favorable and the company has strong financial backing, the investor is justified in buying into a prospect. However, he must be thoroughly cognizant of the fact that he is engaged in a speculation and must continue to regard it as such until his prospect has blossomed into a mine and has indubitably demonstrated its ability to pay and continue to pay a fair return on the invested capital. Then and only then may he consider his prospect as a mine in the true sense of the word and his outlay an investment and not a speculation.

I trust I have made it sufficiently clear that investing in mining prospects is extremely hazarous, even under the most favorable circumstances. In the event of success the profits are large, as they should be, but the game is not for the small investor or one not thoroughly acquainted with a project and all details connected with it.

The Case of Alaska Gold

Even under the most auspicious circumstances mining prospects frequently fail. The case of Alaska Gold is a classic example. Here was a prospect sponsored by the best mining talent in the country, engineers who had made a phenomenal success in developing porphyry copper properties, and by bankers of unquestioned integrity and unlimited resources. The project failed, chiefly for two reasons. First, it was found impossible to obtain gold recoveries in actual operations which had been indicated by the most careful tests and experiments, and secondly, a very unexpected rise in labor and materials costs could not be offset by increasing the price of the product, for the price of gold is stationary.



. . . . *"In fact, the first great stride of primeval man was registered when he learned how to mine and smelt iron and so emerged from the Stone Age.*

Mines Which Are Mines

Coming to mines as investments, as contrasted to mining prospects, we are at once on surer footing. Here the general principles which apply to other investments may be used as checks and guides. In one fundamental respect, however, a mine, like an oil well, differs from the usual forms of investment. The investor must never lose sight of the fact that *a mine is a liquidating proposition.*

It is not like a railroad, an industrial or a public utility, which can, under good management, be counted upon to go on indefinitely and to increase the scope of its business and the total of profits. Each year a mine's assets are decreased to the extent of the ores extracted from the ore-bodies. This fact is likely to be overlooked or forgotten. On account of the exhaustion of assets, or depletion, as it is technically known, an investor should expect to receive a larger return on his funds than if he were investing in a railroad or an industrial company. Generally speaking, mining stocks should average an annual return of at least 8%. As a matter of fact their returns vary considerably, as the table herewith shows. Other factors have a bearing on the matter of income return, such as earnings, prospects for increased dividends, outlook for metal prices, etc.

In studying a developed mine as a possible investment, it should go without saying that the investor should take the trouble to acquaint himself not only with the property's present status, but with its past. How long may the mine be reasonably expected to continue a profitable producer? In porphyry mines it is possible to figure very closely their minimum life, but in vein mines this cannot be done for the reason that the ores of vein mines can be blocked out for years in advance only at a prohibitive expense. Geologists, however, from the topography of a particular territory, the outcrops which appear and experience within this property and other and similar properties, are able to determine with a reasonable degree of accuracy whether a vein mine is likely to be long or short lived.

The investor should learn the character of ore in a given mine, the cost of extraction and the volume of production. Is it a high-cost property which can make money only in good metal markets, or can it be counted upon to make its dividends in bad years as well as good? What has been the property's earnings record in years of depressed metal prices? Can the company expand its output in good times at small outlay or is it operat-

(Please turn to page 746)

SERVICE SECTION

ANSWERS TO INQUIRIES

SUBSCRIBERS—ATTENTION

The Inquiry Department enables you to adapt THE MAGAZINE OF WALL STREET to your personal problems. As a yearly subscriber, you are entitled to receive FREE OF CHARGE a reasonable number of PERSONAL REPLIES BY MAIL OR WIRE on any security in which you may be interested. Inquiries cannot be received or answered by telephone nor can personal interviews be granted by this department. The inquiries presented in each issue are only a few of the thousands received—103,292 were replied to in 1925. The use of this personal inquiry service in conjunction with the Magazine should help you to get hundreds or thousands of dollars of value from your $7.50 subscription.

MARLAND OIL

I bought Marland Oil about a year ago on your advice and paid 37 for it. What is the cause of the recent strength in the stock? Is it only a bulge or do you think it is going still higher? K. H. J., Louisville, Ky.

The recent advance in the market valuation of Marland Oil shares might be said to be a direct reflection of the substantial prosperity being enjoyed by this company. An official statement is not as yet available, but considering the fact that Marland was able to show net of $8.20 earned per share on the common in eleven months a final figure of around $9 a share is expected. Contrast this with the showing of 1924, when 22 cents a share was reported. Financially and tradewise, Marland is well situated to continue its profitable operations. The item of funded debt has been entirely eliminated, and there are no bank borrowings. Ratio of current assets to current liabilities stands at about ten to one. Cash amounts to about 13 millions. In view of the company's showing to date as well as its visible prospects for the future, we would say that your interests would best be served by retaining your stock for further market appreciation.

Are You Sure of Your Broker?

We invite correspondence from readers desirous of ascertaining the status of brokers with whom they intend to do business. We make no charge for this service, as we recognize the importance of having our readers deal through reliable firms.

THE PURE OIL COMPANY

Would you hold on to 50 shares of Pure Oil purchased several years ago at 18? It seems to me I have a pretty good profit and might do well to switch into some other oil stock which may have greater possibilities. A. F. B., St. Louis, Mo.

The only criticism we have to make of Pure Oil is that a large number of shares are outstanding and consequently they are slow to respond to favorable internal developments. The company itself is sound and ably managed and has consistently held its own under adverse circumstances. The present situation is rather favorable. In the absence of official statements covering 1925 operations estimates must suffice, but on the basis of nine months' results it would appear that Pure Oil will have earned something like $4 a share on the common, an increase of about 20% over the figures of the previous year. The sale of a half interest in its Texas pipe line has improved its finances and permitted the releasing of about 8 millions of working capital. An agreement entered into with Prairie Pipe Line assures adequate supplies of crude in the future and obviates the necessity of maintaining a large storage in Texas. In view of improved oil conditions the company should do well in ensuing months. While we would prefer Marland as the most attractive oil stock at this time we do feel that if you employ patience you will be able to dispose of your Pure Oil shares on an advantageous basis.

AMERICAN CAR & FOUNDRY

Can you give me any information on the manner in which the Brill branch of the American Car & Foundry Company is working out? Is this likely to prove a profitable acquisition? What would you advise me to do with my stock which consists of only 25 shares for which I paid 157 about three years ago? A. F. W., Detroit, Mich.

The acquisition by American Car & Foundry Co. of a controlling interest in the newly formed Brill Corp. is a highly important development and promises to be ultimately productive of profitable results. Following as it does the formation of American Car & Foundry Motors to control Hall-Scott Motors and Fageol Motors of Ohio, it will readily be seen that this company is rapidly expanding its facilities to derive the maximum of benefit from the development of the country's rail and highway transportation. This expansion has been too recent to permit of more than an estimate of returns, but it is hoped that its equity in the earnings of this newest subsidiary will cover the entire preferred dividend. The significance of this becomes apparent when it is realized that 7% dividends on Car Foundry preferred require the outlay of 2.1 millions. This addition to earnings will increase net applicable to the common by $3.50 per share. The company itself is doing very well. There was a contraction in profits in the early part of 1925 due to unsatisfactory conditions then prevailing, but dating from mid-year it made a much better showing with the result that it probably covered the common dividend in its entirety. Aided by better trade conditions in prospect, as well as the developments referred to above, the company might be expected to give a good account of itself in the ensuing year. We see no reason to advocate disposal of your shares.

THE PULLMAN COMPANY

Do you think Pullman stock is selling too high? I do not like to see a profit get away from me because in the past I have frequently held on too long. I paid 123 for my stock in 1924. This will help you to understand why I am figuring on selling out. F. A. S., Washington, D. C.

By virtue of its ownership of Haskell & Barker, Pullman Company is one of the important manufacturers of rolling stock as well as operator of parlor and sleeping car services on the major American railroads. The company has

(*Please turn to page* 752)

When Quick Service Is Required, Send Us a Prepaid Telegram and Instruct Us to Reply Collect

"His Tail Between His Legs"

What most men would see if they could see themselves

MOST men are being whipped every day in the battle of life. Many have already reached the stage where they have **THEIR TAILS BETWEEN THEIR LEGS.**

They are afraid of everything and everybody. They live in a constant fear of being deprived of the pitiful existence they are leading. Vaguely they hope for **SOMETHING TO TURN UP** that will make them unafraid, courageous, independent.

While they hope vainly, they drift along, with no definite purpose, no definite plan, nothing ahead of them but old age. The scourgings of life do not help such men. In fact, the more lashes they receive at the hands of fate, the more **COWED** they become.

What becomes of these men? They are the wage slaves. They are the "little-business" slaves, the millions of clerks, storekeepers, bookkeepers, laborers, assistants, secretaries, salesmen. They are the millions who work and sweat and—**MAKE OTHERS RICH AND HAPPY!**

The pity of it is, nothing can **SHAKE THEM** out of their complacency. Nothing can stir them out of the mental rut into which they have sunk.

Their wives, too, quickly lose ambition and become slaves—slaves to their kitchens, slaves to their children, slaves to their husbands—slaves to their homes. And with such examples before them, what hope is there for their children **BUT TO GROW UP INTO SLAVERY.**

Some men, however, after years of cringing, turn on life. They **CHALLENGE** the whipper. They discover, perhaps to their own surprise, that it isn't so difficult as they imagined, **TO SET A HIGH GOAL**—and reach it! Only a few try—it is true—but that makes it easier for those who **DO** try.

The rest quit. They show a yellow streak as broad as their backs. They are through—and in their hearts they know it. Not that they are beyond help, but that they have acknowledged defeat, laid down their arms, stopped using their heads, and have simply said to life, "Now do with me as you will."

What about **YOU?** Are you ready to admit that you are through? Are you content to sit back and wait for something to turn up? Have you shown a yellow streak in **YOUR** Battle of Life? Are you satisfied to keep your wife and children—and yourself—enslaved? **ARE YOU AFRAID OF LIFE?**

Success is a simple thing to acquire when you know its formula. The first ingredient is a grain of **COURAGE.** The second is a dash of **AMBITION.** The third is an ounce of **MENTAL EFFORT.** Mix the whole with your God-given faculties and no power on earth can keep you from your desires, be they what they may.

Most people actually use about **ONE TENTH** of their brain capacity. It is as if they were deliberately trying to remain twelve years old mentally. They do not profit by the experience they have gained, nor by the experience of others.

You can develop these God-given faculties by yourself—without outside help; or you can do as **FIVE HUNDRED AND FIFTY THOUSAND** other people have done—study Pelmanism.

Pelmanism is the science of applied psychology, which has swept the world with the force of a religion. It is a fact that more than 550,000 people have become Pelmanists—all over the civilized world—and Pelmanism has awakened powers in them they did not **DREAM** they possessed.

Famous people all over the world advocate Pelmanism, men and women such as these:

T. P. O'Connor, "Father of the House of Commons."
The late Sir H. Rider-Haggard, Famous novelist.
Frank P. Walsh, Former Chairman of National War Labor Board.
Jerome K. Jerome, Novelist.
General Sir Robert Baden-Powell, Founder of the Boy Scout Movement.
Judge Ben B. Lindsey, Founder of the Juvenile Court, Denver.
Sir Harry Lauder, Comedian.
W. L. George, Author.
Gen. Sir Frederick Maurice, Director of Military Operations, Imperial General Staff.
Admiral Lord Beresford, G. C. B., G. C. V. O.
Baroness Orczy, Author.
Prince Charles of Sweden.

—and others, of equal prominence, too numerous to mention here.

A remarkable book called "Scientific Mind-Training," has been written about Pelmanism. **IT CAN BE OBTAINED FREE.** Yet thousands of people who read this announcement and who **NEED** this book will not send for it. "It's no use," they will say. "It will do me no good," they will tell themselves. "It's all tommyrot," others will say.

But if they use their **HEADS** they will realize that people cannot be **HELPED** by tommyrot and that there **MUST** be something in Pelmanism, when it has such a record behind it, and when it is endorsed by the kind of people listed above.

If you are made of the stuff that isn't content to remain a slave—if you have taken your last whipping from life,—if you have a spark of **INDEPENDENCE** left in your soul, write for this free book. It tells you what Pelmanism is, **WHAT IT HAS DONE FOR OTHERS,** and what it can do for you.

The first principle of **YOUR** success is to do something radical in your life. You cannot make just an ordinary move, for you will soon again sink into the mire of discouragement. Let Pelmanism help you **FIND YOURSELF.** Mail the coupon below now—now while your resolve to **DO SOMETHING ABOUT YOURSELF** is strong.

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I want you to show me what Pelmanism has actually done for over 550,000 people. Please send me your free book, "Scientific Mind Training." This places me under no obligation whatever.

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Income Tax Department

Conducted by

M. L. SEIDMAN

of Seidman & Seidman, Certified Public Accountants

THIS department, which is conducted by Mr. M. L. Seidman, C. P. A., one of the best known tax experts in the country, will be published regularly until the March 13 issue. To further the scope of this department, Mr. Seidman will answer through our columns any questions bearing on the subject. Questions should be addressed to The Tax Editor, in care of this publication. All communications must be signed but names will not be disclosed in the published answers.

THE subject that we will take up in this article is the tax rates and the computation of the tax. Before going into it, however, it may be best to indicate at the outset that there is considerable uncertainty surrounding the question in the light of the fact that the tax rates to be applied to 1925 returns may be drastically changed as compared with those contained in the present law. Just what these changes will be cannot of course be said at this time. What we must necessarily discuss, therefore, are the rates prescribed in the law as it now stands.

What is really more important than the rates themselves for our purposes, is the specific manner of applying the rates to compute the tax. That still remains unaffected whether or not a new law is passed, and hence logically comes up for attention at this point in the series.

The Normal Tax

Generally speaking, the tax paid by an individual is made up of two factors, one called the normal tax and the other the surtax. The normal tax is imposed on the net income after deducting exemptions, and the rates of 2% on the first $4,000, 4% on the next $4,000, and 6% on the balance.

To illustrate, suppose a married man with no dependents has a net income of $15,000. His exemption is therefore $2,500. We just mentioned that the normal tax is based on the income after deducting the exemption, so that in this particular case the net income subject to the normal tax would be $15,000 less $2,500, or $12,500. The first $4,000 of this $12,500 would be subject to a tax of 2% or $80. The next $4,000 would be subject to a tax of 4%, or $160. This would absorb $8,000 of the $12,500. The balance of $4,500 would be subject to a tax of 6%, or $270, making the normal tax the total of $80, $160, and $270, or $510.

That is all there is to the computation of the normal tax. It is a perfectly simple matter, popular opinion to the contrary notwithstanding. Just keep in mind that the first $4,000 of net income in excess of exemptions is taxable at 2%, the next $4,000 at 4%, and the balance at 6%, and you have the whole answer.

The Surtax

The surtax is a bit more involved, than the normal tax, but no less easy to comprehend. The surtax is imposed only on net incomes in excess of $10,000. The individual who has a net income below that amount has no surtax to pay. He need pay only a normal tax. On the other hand, whereas for normal tax purposes the rates were applied on the net income after exemptions, the surtax is based on the net income before the exemptions. In the case supposed, we saw that the normal tax was computed on $12,500. The surtax would be computed on $15,000, although as already mentioned $10,000 would be exempt from surtax.

The surtax rates are graduated somewhat in the same fashion as the normal tax. However, there are many more surtax graduations, and on larger incomes the rates become steeper than in the case of the normal tax. The surtax rate on the amount of income between $10,000 and $14,000 is 1%. On the income between $14,000 and $16,000 the surtax rate is 2%, and on the income between $16,000 and $18,000, the surtax rate is 3%. The rates then advance more or less consistently 1% for each additional $2,000 of income, until $100,000 of income is reached, although in some cases the advance is 1% for every $4,000 of additional income. The income between $96,000 and $100,000 is subject to a 36% surtax. The income between $100,000 and $200,000 is subject to a 37% surtax. From $200,000 to $300,000 the income is surtaxable at 38%. From $300,000 to $500,000 there is a 39% rate, and the amount of income in excess of $500,000 is subject to tax at 40%, which is the maximum rate.

An Example

Let us work an example involving the surtax. Take the very case of the individual who had an income of $15,000. His surtax would be computed as follows: The first $10,000 is exempt from surtax. On the income between $10,000 and $14,000, or $4,000, the surtax rate is 1%, or $40. On the income between $14,000 and $16,000, the surtax rate is 2%. This taxpayer has $1,000 of income between $14,000 and $16,000, since his total income was $15,000. The tax on that $1,000 income would be $20, making the total surtax $60. The normal tax, having been found to be $510, his total normal and surtax would be $570.

If the individual's net income were larger, the situation would be more involved, solely from the point of view that there would be more tax rates to apply for each additional bracket of income. However, the method followed in the application of the rates would be exactly as just illustrated.

In actual practice, it is not necessary to go through the computation of the tax in each bracket. The income tax blanks have a schedule showing the total surtax for various round amounts of income, and all that has to be done is to compute the surtax on the difference between the particular amount involved and the next smallest amount shown on the blank.

An Easy Matter

So we see that the computation of the income tax is not as frightful as it has been pictured to be. As a matter of fact, it is just ordinary simple arithmetic. It is true that there are other things to consider besides the normal tax and the surtax, in order to arrive at the actual total tax due. There is what is called the 25% "earned income credit" that is applied against the normal tax, and the "capital gain tax." Likewise, consideration must be given to the income subject to tax because not all income is subject to both the normal and surtax. Dividends, for example, are surtaxable, but are not subject to the normal tax.

These are all special features that arise in the computation of the tax, and that will be explained in the articles that follow. For our purposes, however, when we have a clear idea of the computation of the normal and surtax, we have the tax computing problem pretty well in hand.

We can then proceed to the consideration of so-called "earned income" and the way it affects the amount of tax payable. That will be the subject for the next article.

FOURTEEN STOCKS WHICH SHOULD RESIST A REACTIONARY MARKET

(Continued from page 717)

profits were too meager to leave any balance for the common or preferred stocks, after operating expenses and interest charges. Substantial improvement in recent years greatly strengthened the road's financial position and permitted inauguration of dividends on the junior shares which are now receiving payments at the rate of $2.50 annually.

It is unlikely that earnings will increase rapidly, but the tendency is still upward. Net profits were equivalent to $2.74 a share for the common in 1923; $3.33 in 1924 and $3.81 last year.

At current quotations around 37, *the shares yield* 6.8%, *an attractive return for a security favored as this stock seems to be. The prospect for continued expansion should prove an assurance that the shares will tend to hold up in any general market setback and eventually reach a price more representative of their investment merit.—R. E. S.*

NEW YORK CENTRAL This road is a veritable bulwark of strength both for investment and from the operating standpoint as well. Its main line is a four-track artery from Chicago to New York, the section extending from Buffalo to New York being equipped with six tracks, part of which is electrified. The main line system is fed by a network of connecting lines of leased or owned roads which enable New York Central to tap the coal fields of Pennsylvania and West Virginia and serve the heavily industrialized district around Pittsburgh. It has especially valuable terminal facilities in New York City for both passenger and freight traffic.

The largest single item of freight tonnage is mine products, the company being important carrier of bituminous coal. Although freight tonnage fluctuates in a manner characteristic of freight of industrial origin, it is fairly well diversified and is constantly increasing in volume. In normal pre-war times, Central carried approximately 40 per cent of the inland manufacturers to the port of New York for export to Europe. Since that time, the company's facilities at New York harbor have been increased and renewal of commercial relations with foreign countries will find the company occupying its former dominating position at the greatest port of the nation.

One of the outstanding characteristics of the road has been liberal expenditures for roadbed improvement and physical equipment. As a result, capitalization per mile is high in comparison with less important roads, but there has been a gain of operating efficiency and attendant economies. The new 25 million dollar Castleton cut-off south of Albany is typical of a capital expenditure for roadbed improvement to save money and time in freight carriage. Considering the physical condition of the road and its stragetic importance, capitalization per mile is not excessive. The company also has a favorable ratio of approximately 1.8 to 1 of funded debt to stock. Interest on funded debt averages some 4½ per cent per annum, a large portion of which requires 3½% a year and falls due beyond the year 2000.

Central's earnings provide a very comfortable margin over the present dividend of $7 a year on the capital stock. The reported net income, which does not show undistributed earnings of subsidiaries in excess of actual dividend payments to the treasury of the parent company, was around $12.85 a share in 1924 and is estimated in excess of $12 a share last year. The actual income was probably $5 a share more. There are a number of other inherently favorable factors, such as the possibility of further strengthening of the company's position through future consolidations. *New York Central around* 127 *appears to be in a good position to resist any material decline in security values.—D. B. S.*

STANDARD OIL OF NEW JERSEY The Standard Oil Company of New Jersey—parent organization of the various companies which bear the Standard Oil name—still occupies the position of the strongest and most important petroleum company in the industry. With its extensive physical facilities for transporting, refining and selling oil and refined products, the influence and strength of the company is felt in the world market for petroleum products. It is essentially an international organization, with large interests in practically every important producing field in the world and a distributing organization which sells its variety of crude oil products in every large civilized country.

The magnitude of the company's activities has an important bearing on the investment stability of its shares. Its interest in the production end of the business is sufficiently large to offset a temporary shrinkage of income that occurs in certain cyclical swings, characteristic of the petroleum industry. In the same way, a dominating position in the distributing phase of its operations enables the company to make up for smaller profit from production. In addition to the diversification of its operations, the investor who is looking for stability of price and certainty of income from a stock investment cannot afford to overlook the large cash and other liquid resources; the lengthy record of success and the noteably successful management of the Standard Oil Company of New Jersey.

The company has a simple capital structure with almost 200 million dollars of 7% preferred stock outstanding and over 500 millions of common stock of $25 par value. Earnings in 1924 were the equivalent of $3.30 a share on this common stock and $2.11 in 1923. Last year, under considerably more favorable conditions for both the producers and refiners, the company undoubtedly improved the 1924 earnings figure. An unbroken dividend record at varying amounts dates back to the time of incorporation in 1882, during which time cash dividends as high as $48 a share were made on he old stock before it was split up through various stock distributions. With over 425 million dollars net working capital at the disposal of the company for the conduct of its business. Standard Oil of New Jersey has good prospects for continued prosperity.

The common paying $1 *a share and selling around* 44, *should offer strong resistance to a reactionary stock market.—A. M. L.*

WESTERN UNION For the first time in forty-five years, the shares of Western Union are again on 8% basis. This does not mean that stockholders have not received extra disbursements in the meanwhile, for the company's dividend record since 1851 has been substantial though varied. While this recent increase of $1 per share is gratifying, a stock dividend is not improbable. It is understood that executives of the company have had several plans under consideration to permit a more liberal dividend policy in view of the excellent showing made during recent years.

The company has poured back into the property in the last decade about 100 million dollars and to-day enjoys the largest telegraph and cable business in the world. Practically all this has been built up from earnings and because of this, it is probable that the company's profit and loss surplus, which the company has gradually accumulated through a conservative dividend policy, will eventually be capitalized.

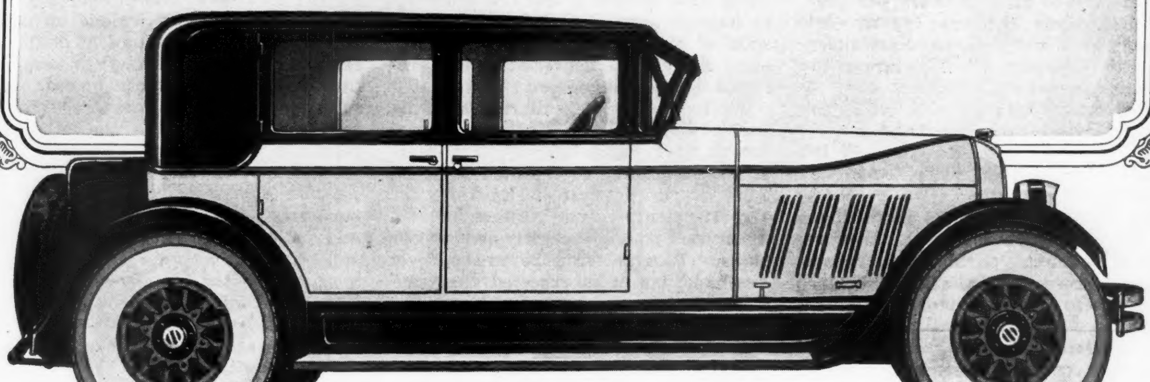
For 1925, earnings were equal to $15.20 a share on the outstanding capitalization; an improvement of $2.84 per share over 1924. It will be seen readily from this condition, that the shares of Western Union offer investors a sound investment which should prove more or less immune to general market depression.

At 142, *the stock yields* 5.7% *with possibilities for a higher income return if patiently held.—J. V. E.*

AMERICAN BANK NOTE With an unbroken earnings and dividend record of twenty years, the shares of American Bank Note Company stand out as a beacon light among the listed securities which should withstand depression temporary or major. The company operates under monopolistic or nearly monopolistic conditions and no bank or United States Mint is more careful in protecting its customers or business. Certificates for all securities listed on the New York Stock Exchange are engraved and printed by this company and many foreign governments rely upon this organization for paper money and

(Please turn to page 742)

AUBURN 8 EIGHTY EIGHT 6 SIXTY SIX 4 FORTY FOUR

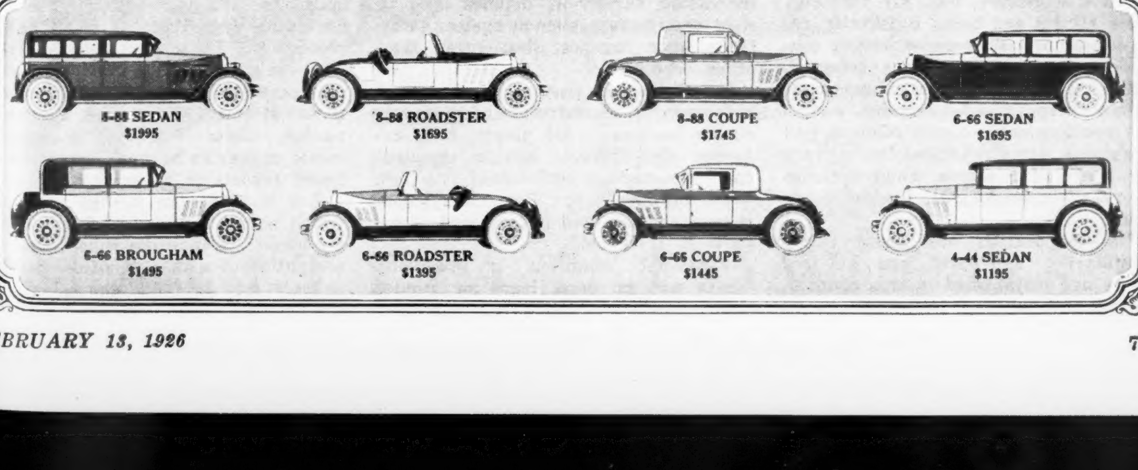


8-88 Brougham, $1795, freight and tax extra. 129" wheelbase. 3¼"x4½" eight-cylinder motor. Finished in latest two-tone lacquer.

Straight Eight $1795

No victory remains won. New champions make new records. For 1926 Auburn leads. Auburn is not content to remain a "fine old name." It is a fine new value. Instead of trading on a past quality reputation and producing a smaller, cheaper built car, Auburn increases values in every way—larger motors, heavier frames, finer bodies! It beats anything on the road today. Proof? Drive it! If it does not sell itself, you will not be asked to buy.

AUBURN AUTOMOBILE COMPANY, AUBURN, IND.



(*Continued from page* 740)
revenue stamps. Moreover, it does an extensive business in supplying bank checks and the like through plants situated in New York, Philadelphia, Chicago, Ottowa, Canada, or England.

Over a ten-year period ending with 1924, the company has shown earnings on its common stock of $28.06 a share, an average of $2.81 a share per year. In 1925, these earnings (partly estimated) were maintained and are understood to be equal to $2.40 a share on the basis of present capitalization.

Real estate holdings and other permanent investments, such as machinery, dies, etc., were equal to 100% of the outstanding capital stock of 4.95 millions of 6% cumulative preferred stock of $50 par value and 4.95 millions of $10 par value common. Cash, reserves, accounts payable and investments, according to the latest balance sheet were better than 5¼ million dollars.

Last December, the directors placed the stock on 16% basis equivalent to $1.60 a share, but when close examination is made of the company's liquid cash position, it may be seen that an extra disbursement could be made to stockholders during the current year, unless a practise or long standing is broken. It has been the custom to treat stockholders very liberally in the past.

For a high class investment, carrying stability in market valuation, and demonstrated earning capacity, the shares of American Bank Note Company commend themselves at current quotations around 41.—*A. T. M.*

UNION CARBIDE & CARBON In determining those stocks which are likely to show resistance to a sustained decline in the stock market, as a whole, it would seem natural to give consideration to Union Carbide & Carbon. This corporation, in its present form, is an outgrowth of a business started in 1898. Activities are chiefly manufacturing and dealing in all gas-producing materials and gas, especially acetylene gas, and all machinery relating thereto, together with metallurgical and chemical substances. It also deals in electric batteries of all descriptions, starters, lamps and other electric equipment, oxygen, hydrogen, nitrogen, etc. Operations cover all phases from the source of supply of raw materials to the finished products.

Its marketing organization is excellent. An imposing array of scientists, chemists, engineers, etc., are retained, whose efforts are being constantly rewarded by new discoveries having economic value and which are reflected, in the course of time, in enhancement of the corporation's earning power. The management is highly efficient, and operations are supervised by a very able board of directors, which includes several executives of nation-wide prominence.

The corporation has about thirty subsidiaries, and over one hundred plants are maintained in this country, Canada and Norway. Substantially all of the common stocks of subsidiaries are owned by the parent corporation.

Financial condition is sound, excess of current assets over current liabilities being about 5½ to 1. Working capital as of December 31, 1924, amounted to $65,285,259, of which 8 millions were cash. Net earnings applicable to dividends on the capital stock have shown a distinct tendency to improve over a period of years, in spite of liberal, it might be said excessive, charges to depreciation and reserves for contingencies.

While various subsidiaries have issues of bonds and mortgages and preferred stock, capitalization of the parent corporation is represented solely by 2,659,733 no par shares. Earnings for the 12 months ended December 31, 1924, were equal to slightly over $6 per share. Results for 1925 are not yet available, but it is expected that considerable improvement was shown over the preceding year. *Considering the character of business, able management, financial condition and that nothing in the nature of the spectacular has occurred in the stock, market wise, Union Carbide & Carbon Corp. seems to be a logical choice for a place among depression-proof stocks. The shares are selling on the New York Curb Market around* 80 *to yield* 6.3% *on the basis of the present* $5 *dividend.*—S. J. F.

UNITED SHOE MACHINERY United Shoe Machinery common stock seems to be particularly qualified for a place among stocks likely to withstand a period of declining prices in the stock market as a whole. This corporation in its present form is the outgrowth of a business established in 1905, and represents a consolidation of various companies manufacturing shoe machinery.

Present activities cover the manufacture, sale and leasing of shoe machinery, owning and controlling patents and inventions covering more than 300 types of such machines. The corporation also owns a substantial interest in a tanning machinery company, which produces and supplies a complete line of tanning equipment to leather manufacturers. Foreign subsidiaries are located in England, Germany and France, and through the latter, a plant is operated in Belgium. Either directly, or through subsidiaries, the company operates upward of 66 factories; 9 of which are engaged in making shoe machinery and tanning machinery and others in producing a large and ever increasing variety of articles used in shoe manufacture, such as eyelets, nails, tacks, lasts, brushes, dies, cutters, and other accessories.

It will be seen that earnings depend both upon the manufacture of shoes and repair business. All plants, both domestic and foreign, are in excellent condition, and are maintained at a high point of efficiency. The management is very capable, and is composed of experts in their field.

Financial condition is excellent. There are no bank loans or funded debt. Ratio of current assets to current liabilities on March 1, 1925, was nearly 4 to 1, working capital amounting to 20.48 millions. Capitalization consists of 10.50 millions preferred stock and 48.53 millions common stock, both of $25 par value.

Average annual earnings for the last ten years were equal to 10.27% on the common stock, including 12.09% earned for the fiscal year ended February 28, 1925. This does not include an addition to surplus account of 10 millions, several years ago, through a revaluation of subsidiary stocks owned. Results for the current year are likely to be about the same as the preceding year.

In view of the corporation's dominant position in the field, which borders on a monopoly, its sound financial condition and able management, the common stock appears desirable as a stock that may be expected to stand up well under generally adverse business conditions. Dividends are being paid at the rate of $2.50 *a share, exclusive of occasional extras, to yield* 5.3% *at present prices around* 47. *This stock is quoted at the Boston Stock Exchange.*—*J. S. F.*

IS THE NON-VOTING STOCK A REAL DANGER TO INVESTORS?

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are similarly situated. The same should be true of industrials. The New York Stock Exchange might well shift the attention of its governors from non-voting stock to four basic considerations.

The first is that on all listings, both old and new, Stock Exchange auditors should examine books of companies issuing balance sheets and earnings statements.

Second, both balance sheets and earnings statements should be extremely frequent. That is, they should be issued in such number as is consistent with a proper expense.

Third, the form of accounting should be as nearly uniform as varying industrial conditions in each industry permit.

And last of all, the reports should be comprehensive and detailed.

Given these four weapons of publicity and the stockholder would be in a position of strength. Given the shadowy privilege of voting and he will be where he has been for generations.

There are many details to be worked upon. There is no need for undue haste nor undue dogmatism as to methods of reporting. There are some contracts with old companies on the "Big Board" that may stand in the way of some of these reforms. Then again, many companies, whose business is seasonal, would appear to be weak, were too frequent reports to be made of earnings.

But it is for us to light the lamp which points the way and not to pave the street. But in the widest publicity, compatible with needful business privacy, will be found the salvation of the investor.

BONDS WITH WARRANTS—A NEW AND IMPORTANT TYPE OF SECURITY

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securities, where the intrinsic possibilities of the security are not at all good. But unscrupulous promoters are well aware of the fact that when once a warrant to purchase stock at a certain price is issued, it brings about a presumption in unpracticed purchasers that the securities to be purchased by that warrant are really going to be worth the set figure.

There are thus two great perils. One is that the intrinsic merits of bonds may be obscured by this privilege, and secondly that affiliation with a bond issue may lend an artificial attraction to many stock issues, to which such warrants apply.

Why Companies Are Attracted to Warrant Securities

Why have many corporations turned from convertible bonds to bonds with warrants attached? In the case of such warrant bonds where the warrants are not detachable, the difference is very slight, but such bonds make up a small part of warrant bonds. In both cases, so soon as the privilege of conversion becomes advantageous these privileges will be exercised by most holders. In both cases the corporation has converted a fixed charge obligation into a security whose dividends need not be met if earnings are not large.

On the other hand, wherever warrants are detachable, the company is not at all sure but that the warrants will be sold separately, and that the bondholder will retain his bond, and the warrant holder claim the privilege of subscription to the stock issue at the stipulated price. The very aim of a convertible stock is thus defeated by the warrant provisions. But as a compensation, and a very marked compensation, it obtains payment for this stock, instead of giving it away free, as it does in the case of convertible bonds. Hence bonds with warrants attached, which are detachable, are issued primarily to attract investment into the company's securities rather than to convert ultimately, fixed into variable obligations. Revenues derived from the warrants, may, however, be employed towards retirement of some of the bonds from which warrants were detached, at the call price.

Another feature that makes some warrant bonds resemble convertible bonds more closely, is sometimes found in the stipulation that the price of the security for which the warrant is issued, will be raised if the warrant is not exercised by a certain date. This enables the company to stimulate such conversions.

Warrant bonds and preferred stocks have been confronted with a new difficulty. Suppose a bond to be issued with the warrant permitting subscription to ten shares of common stock at $50 a share. The capitalization let us say, is only 60,000 shares of common. But the company decides to double its capitalization in common stock. The 120,000 shares are certainly worth less per share than were the 60,000 shares per share. The value of the warrants then has undoubtedly been cut down. Suppose that when the warrants were issued the stock sold at 45. It now sells at 22½. The value of the warrant consequently has been more than cut in half, for when stock is quoted at 45, the chance that it will reach 50, or gain 5 points, is considerable. For a stock quoted at 22½ to reach 50, however, it has to advance at the rate of about 120%. For a stock quoted at 45 to reach 50, it has to increase only 11%. Hence the warrant to purchase at 50 would have been reduced in value from an appreciable amount to practically nothing.

This difficulty is not to be disregarded. In several cases such increases of capitalization have been effected after issuance of warrants to purchase. What then is the status of the warrant holder? Has he only a right to the letter of the warrant, or is he entitled to his equitable right to subscribe to the same proportion of stock that he had before?

Some experts are understood to state that the investor in any case will be protected in his equitable right in the matter. Nevertheless much would be contributed if such decisions were made definite in the warrant itself.

That this aspect has received practically no attention in Wall Street is surprising. It is of course related to another, though more distant subject. What is to prevent a corporation financing in the future through increases of senior obligations and stocks as to make almost valueless the securities for the purchase of which the warrants were issued? Such collateral dangers, however, in a sense, face every securities issue of every type.

Warrant Bonds Bulk Large in Market

Importance of warrant bonds and notes can be gathered from the fact that over 80 millions in such securities were offered in 1925. This is about 2.25% of all securities, both stocks and bonds issued in 1925. No previous year began to approach this level. It is noteworthy that the great majority of warrant bonds have shown handsome profits in this short time. In some cases, such as Florida Western & Northern 7s, with Land Company of Florida warrants the bonds jumped 100 points, and made the largest one day gain seen in the bond market. Southeastern Power & Light is another spectacular case.

It must not be forgotten, however, that these maximal gains were recorded in a bull market. Naturally as the stock goes up the warrant reflects its gains. But it does not follow that warrant bonds are not valuable when stocks are declining. For warrant bonds have the same value that convertible bonds have, in that they are an insurance of one type of security against another. When prices are rising, and purchasing power declining, company earnings are increasing. The bond declines but the stock advances. When the opposite takes place the bond commands a premium and the stock declines. For this privilege of "heads I win, tails you lose," an investor, in theory, ought to pay dearly. But as a matter of fact there is no need for him to make a sacrifice as many warrant bonds not only confer this privilege, but are cheap to boot. Two leading attractive warrant bonds are Southeastern Power & Light, Debenture "A" 6s, 2025, and Walworth Company, S. F. Debenture "A" 6½s.

Commercial Credit Company 6½% First preferred stock is an outstanding example of this newer tendency towards warrant securities among preferred stocks.

Walworth Company is a newcomer on the New York Stock Exchange, but has long been a leading security in Boston. It is perhaps best known to the general public as the company that manufactures the Stillson wrench. In steamfitting, gas and water works, Walworth products are standard. Its management is excellent. The company has a splendid accounting system, and is an important old Massachusetts industrial organization. The 6½% debenture bonds have equity value over three and one-half times the amount outstanding. In 1924, a poor business year, interest was earned 2.17 times on funded debt outstanding.

At 96 to yield 7.00% the bond is undervalued considerably. Stock of the Walworth Company sells at 22. Dividend payment is $1.80. Earnings for 1924 applicable to common stock were only $1.51. However, business has bettered and it is expected, on the basis of operations for first half of 1925, that net earnings in 1925 were more than double 1924 earnings. Recent amalgations and increase in popularity of products make Walworth a long-pull investment for steady capital appreciation. At 22 the stock is attractive, and ought to reach considerably higher levels. Hence it seems reasonable that the right to buy common at 30 will be exercised at that time. *This combination of high yield, ample security, surplus of earnings and improving prospects for the stock is not often met with and makes the bond an attractive speculation and investment at the same time.*

Commercial Credit Company of Baltimore 6½% First Preferred stock entitles the holder of two shares (par $100) to purchase one share of common stock at $40, in 1926,, and $5 a year more each year thereafter to January 1, 1931. As the common stock is quoted at 35, it is obvious that a very slight improvement will confer value on the warrants. Commercial Credit Company is the largest organization in the country dealing in motor liens. It also deals in accounts receivable. Its loan

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policies are very conservative, and despite the fact that installment buying is now at its zenith, Commercial Credit has not in any way departed from its rigorous policy. In such a year as 1921, when installment foreclosures were the rule rather than the exception, it not only made money but went ahead. 1925 earnings should prove to be more than $4 a share for the common stock, despite an increase of 20% in common stock capitalization recently. First preferred stock is a high-grade investment and continuing gains in business and net earnings make it likely that common stock has more than reasonable probability of equalling 40 before end of 1926. *This would embrace the warrants attached to the preferred, and is the reason why the latter has speculative possibilities as well as being an attractive invesement. This issue is quoted at* 100 *with a yield of* 6½%.

Southeastern Power & Light, which produces 2% of all American electric output has greatly strengthened itself by its recent merger with Georgia Railway and Power. Hence this debenture bond and common stock, already strongly recommended several times in THE MAGAZINE OF WALL STREET, are in a more attractive position than before. The Southeastern Power & Light debenture 6s are selling at 107 with the 10 warrants attached.

A CRITICAL PERIOD FOR THE RAILROADS

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present are in a comparatively attractive position and that a measure of railroad prosperity still remains to be discounted.

The savings of the American people in 1925 are estimated at about 8 billion dollars. It, therefore, seems conservative to estimate average yearly savings of at least 6 billion dollars for the next five years. An investment in the railroad industry of only 10% of such annual saving would furnish six hundred million dollars yearly, which would represent approximately the annual capital needed to perpetuate the present high standards of railroad service. Here then is a real opportunity for the American people to invest a reasonable porportion of their savings in the railroad industry and thus become partners as well as creditors in a business which is constantly growing and which is vital to the progress of the country as a whole.

Enlightened public opinion is coming to recognize that the country can only prosper as its transportation systems prosper. Shippers are demanding and securing better service and are willing to pay a reasonable price provided this service is always at hand to meet their immediate requirements. Manufacturers and merchants have a better understanding of the profits resulting from smaller inventories and quicker turnover made possible by prompt transportation. Farmers are beginning to realize that freight rates have but little effect upon the market value of their products and that availability of cars to carry these products promptly to market is of far greater importance.

With the present record breaking volume of traffic, earnings are increasing and public confidence in railroad stocks is gradually returning. The American people are showing a greater disposition to permit the railroads to earn a fair return upon their properties, as contemplated by the Transportation Act of 1920. The obligation of the Government under present methods of railroad regulation to permit the roads to earn a fair return has been clearly recognized by Congress and by the Courts. The Supreme Court, in its Dayton-Goose Creek decision upholding the recapture clause of the Transportation Act, defines the purpose of the Act as follows:

> *"The new act seeks affirmatively to build up a system of railways prepared to handle promptly all the interstate traffic of the country. It aims to give the owners of the railways an opportunity to earn enough to maintain their properties and equipment in such a state of efficiency that they can carry well this burden. To achieve this great purpose it puts the railroad systems of the country more completely than ever under the fostering guardianship and control of the Commission which is to supervise their issue of securities, their car supply and distribution, their joint use of terminals, their construction of new lines, their abandonment of old lines, and by proper division of joint rates, and by fixi... adequate rates for interstate commerce, and in case of discrimination, for interstate commerce, to secure a fair return upon the properties of the carriers engaged."*

The highest intelligence of the country has thus testified to the fundamentals of the railroad problem. It now remains for railroad management to find the solution. The American people must be shown the common interest of all in continuous and adaquate railroad development. The railroads only require a reasonable profit to steadily attract the necessary new capital for their development. Here we have a simple clean-cut proposition. Its common sense, fairness and mutual benefit can easily be demonstrated to all. It, therefore, now remains for railroad management to stop hiding its light under a bushel and to take the mystery out of the railroad business. Let the railroads abandon the old attitude of "See how poor we are, let us alone," and adopt the slogan "We are beginning to prosper. Come and work with us for the common good."

Railroad managements are beginning to appreciate the advantages derived from a proper policy of consistent publicity. Understandable facts on railroad operation are being given to the public through the press and other channels. Through such a policy not only the cause of the railroads but also that of the general welfare will be advanced. The success of the public utility companies in their customer-ownership campaigns has brought about a more cordial relationship between these companies and the users of their service. The railroads can well profit by this good example and secure not only the good will but the active financial support of many of their shippers and passengers. Railroad employees also may come to take an added interest in their own roads through the ownership of stock.

The American Telephone & Telegraph Company and other great public utilities had a similar problem a few years ago. They have made great strides in its solution. The same opportunity is open to railroad management. The same success can be achieved.

HOW TO SELECT MINING SECURITIES

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ing at the full capacity of the plant.

This leads to another important factor, the necessity for a study of metal prices. An investor in a copper mine would indeed be ignorant if he did not know not only what is an average fair price for copper metal, but also what average price must be registered to enable his particular mine to operate without red figures.

With the probable life of a mine, its costs of production and the statistics of metal prices in hand, an investor has some very definite guide posts to direct his course. I have not spoken of the matter of management again, for I assume that the reader will take it for granted that intelligent management in a developed mine is about as important as in a mining prospect. The history of a mine is largely a history of its management and the record is there for those who will read.

Depreciation and Depletion

The matters of depreciation and depletion became of supreme importance in mining circles coincident with high taxes. In the old days, the theory was that a mining property, being a liquidating proposition *per se*, required no depletion charges since when a mine became exhausted, nothing remained but to dismantle the property and distribute the remaining assets. In other words, the funds which would ordinarily go into a depletion reserve, were supposed to be distributed in the form of dividends, leaving it for the investor to decide whether or not he cared to invest in other mining properties.

Taxation has changed all that and now mining companies write off all the law allows for depreciation and depletion. The purpose, of course, is to reduce the amount of taxes the companies have to pay to the Government. Hence we often see the apparent anomaly of a mining company paying liberal dividends which it has apparently not earned. The figures which should vitally concern the investor are the totals before depletion. If they show a proper balance in black ink, he need not worry what appears after depletion is written off. Depletion, after all, is pretty much taking values out of one

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New York Stock Exchange

RAILS

	Pre-War Period 1909-1913 High	Low	War Period 1914-1918 High	Low	Post-War Period 1919-1925 High	Low	1926 High	Low	Last Sale 2/3/26	Div'd $ Per Share
Atchison	125⅝	90¼	111¼	70	140½	91¾	139	129½	131⅝	7
Do. Pfd.	106¾	96	102½	75	98	72	96	94½	95⅞	5
Atlantic Coast Line	148½	102½	126	79⅞	268	77	262½	236	243½	‡7
Baltimore & Ohio	122¼	90⅝	96	88¼	94½	27⅝	95¾	88½	91	5
Do. Pfd.	96	77¼	80	48¼	67⅞	38½	69¼	67½	69	4
Bklyn-Man. Transit	..	..	..	..	64	9¼	64¾	55½	64¾	4
Do. Pfd.	..	..	..	..	83¾	31⅝	86¼	81	85¾	6
Canadian Pacific	283	165	220½	126	170⅞	101	162	146½	159	10
Chesapeake & Ohio	92	51⅛	71	35⅝	130½	46	128½	114½	129¾	4
Do. Pfd.	..	..	..	..	130	96	127	119	†122¾	6½
C. M. & St. Paul	165⅛	96¾	107⅛	35	52¾	3¼	14½	10⅝	13⅝	..
Do. Pfd.	181	130½	143	62½	76	7	22¼	18¼	19⅞	..
Chi. & Northwestern	198½	123	136⅞	35	105	45⅞	81⅞	72½	74	4
Chicago, R. I. & Pacific	..	..	45¾	16	58⅞	19⅛	68¾	52¼	52¾	..
Do. 7% Pfd.	..	..	94¾	44	105	64	100	99	99⅞	7
Do. 6% Pfd.	..	..	80	35¾	93¾	54	90	86	88⅝	6
Delaware & Hudson	200	147½	159½	87	160¾	83¼	165½	153¼	156½	9
Delaware, Lack. & W.	340	192½	242	160	260½	93	153½	143	148½	‡6
Erie	61¼	33½	59½	18¾	39½	7	40	33¾	36	..
Do. 1st Pfd.	49¾	26¼	54¾	15⅛	49¼	11⅛	45⅝	41½	42⅛	..
Do. 2nd Pfd.	89⅛	19⅛	45⅝	13⅛	46¼	7⅛	43	39	†39½	..
Great Northern Pfd.	157⅞	115½	134¾	79¼	100⅝	50⅝	78⅝	73	75⅜	5
Hudson & Manhattan	..	..	..	..	38⅜	20⅝	37⅜	30⅛	36⅝	2½
Illinois Central	162⅛	102¾	115	85¾	125½	80⅞	124	118⅛	120	7
Interboro Rap. Transit	..	..	..	..	39¼	9½	34¼	24½	33¾	..
Kansas City Southern	50¼	21⅜	35⅛	13½	51	13	49⅜	43¾	46⅞	..
Do. Pfd.	75⅛	56	65½	40	63¼	40	62⅞	61⅝	†62	4
Lehigh Valley	121¼	62½	87⅛	50⅜	88½	39½	85⅞	80	80½	3½
Louisville & Nashville	170	121	141⅞	103	155	64¾	143	127¾	135	6
Mo., Kansas & Texas	*51½	*17½	*24	*3⅛	45⅛	*¾	43¾	39⅞	45⅝	..
Do. Pfd.	*78¼	*49	*60	*6⅛	92½	*2	95	90	94	5
Missouri Pacific	*77½	*21½	38⅛	19⅞	41¾	8¼	40¼	36⅛	37	..
Do. Pfd.	..	..	64⅞	37⅛	91½	22¼	89¼	84¾	86	..
N. Y. Central	147¾	90⅜	114¼	62½	137½	64⅛	135⅝	126¾	129½	7
N. Y., Chi. & St. Louis	109¾	90	90¾	55	188	23¾	181¾	170	†170	6
N. Y., N. H. & Hartford	174¾	65⅝	89	21½	47	9⅝	45¾	40¼	42⅛	..
N. Y., Ontario & W	55⅜	25⅛	35	17	34¾	14¼	28¾	25	27	1
Norfolk & Western	119¼	84¼	147⅛	92⅝	151⅜	84¼	157¼	147⅜	151	‡7
Northern Pacific	159⅛	101¾	118⅞	75	99⅞	47⅞	76½	71¼	72½	5
Pennsylvania	75⅝	53	61½	40¼	55⅜	32¼	55⅛	51⅝	52¼	3
Pere Marquette	*36½	*15	38⅛	9⅛	85½	12½	86	82⅜	83	4
Pittsburgh & W. Va.	..	..	40⅜	17¾	123	21⅛	119⅜	112	116¾	..
Reading	89⅝	59	115½	60⅛	108	51⅞	90¼	84	87	4
Do. 1st Pfd.	46¾	41¼	46	34	61	32⅞	40¾	40	40⅜	2
Do. 2nd Pfd.	58¾	42	52	33¾	65⅛	33⅛	41½	40⅛	41	2
St. Louis-San Fran.	*74	*13	50½	21	102¼	10¾	101¼	96	97½	7
St. Louis Southwestern	40⅜	18⅛	32⅛	11	69¼	10⅞	71⅜	64	68¾	..
Seaboard Air Line	27½	13¼	22⅜	7	54¼	2⅛	51	43	45¾	..
Do. Pfd.	56½	23⅛	58	15⅛	51½	3	47¾	43	45⅞	..
Southern Pacific	139⅛	83	110	75¾	118⅛	67⅛	104¼	99⅞	102	6
Southern Railway	34	18	36¾	12½	120½	24¾	119¾	111⅞	115¾	7
Do. Pfd.	86⅞	43	85¼	42	95½	42	92½	90¼	91¼	5
Texas & Pacific	40⅛	10¼	29½	6⅛	70½	14	61⅝	55¾	57¾	..
Union Pacific	219	137¾	164⅜	101¼	154¾	110	150	144	149⅛	10
Do. Pfd.	118½	79¾	86	69	80	61¼	76¾	74¾	76¾	4
Wabash	*27⅞	*2	17½	7	47¼	6	52	42⅞	50	..
Do. Pfd. A	*61¾	*6⅛	60½	30⅞	73⅞	17	78¾	73	76	5
Do. Pfd. B	..	..	32⅞	18	60½	12¼	72	60	†66	..
Western Maryland	*56	*40	23	9¼	18⅜	8	16⅝	15¼	15¼	..
Do. 2nd Pfd.	*88¼	*53½	*58	20	30½	11	24	21	22½	..
Western Pacific	..	..	25½	11	40	12	39¼	35¾	37	..
Do. Pfd.	..	..	64	35	86½	51⅛	80½	77½	79¼	6
Wheeling & Lake Erie	*12⅞	*2⅛	27⅜	8	32	6	32	27	29	..
Do. Pfd.	..	..	50⅝	16⅝	53⅛	9¼	50½	47⅛	†48¾	..

INDUSTRIALS

	Pre-War Period 1909-1913 High	Low	War Period 1914-1918 High	Low	Post-War Period 1919-1925 High	Low	1926 High	Low	Last Sale 2/3/26	Div'd $ Per Share
Adams Express	270	90	154½	42	117¼	22	109	104	107¾	6
Ajax Rubber	..	..	89⅛	45⅛	118	4¼	12⅛	9¾	11⅞	..
Allied Chem. & Dye	..	..	..	..	116⅝	84	124¼	112	124¼	4
Do. Pfd.	..	..	..	..	121⅛	83	120½	120	120½	7
Allis-Chalmers Mfg.	10	7⅝	49⅛	6	97¼	26½	94½	90	91	6
Do. Pfd.	43	40	92	82½	109	67½	110	109	109½	7
Am. Aggric. Chem.	63⅝	33½	106	47⅜	113¾	7⅛	34⅜	26¾	31⅜	..
Do. Pfd.	105	90	103½	89⅛	103	18¾	96½	80	91⅞	..
Am. Beet Sugar	77	19¾	108½	19	103¾	24½	35½	31¾	35	4
Am. Bosch Magneto	..	..	..	..	143⅞	22¼	34⅜	28¼	29⅜	..
Am. Can	47⅜	6⅝	68½	19¼	*297⅜	*21¾	296¾	275½	293	‡5
Do. Pfd.	129¼	98	114½	80	121⅞	72	123	121	122¼	7
Am. Car & Foundry	76½	36⅛	98	40	*201	*7⅛	114⅞	109	110	6
Do. Pfd.	124¾	107½	119½	100	128	105¾	127½	124	†126½	7
Am. Express	300	94¾	140½	77½	175	76	140	131	135½	6
Am. Hide & Leather	10	3	22⅛	2⅛	43⅛	5	16⅝	12⅝	13½	..
Do. Pfd.	51⅞	15⅛	94⅞	10	142⅝	29¾	64	59¾	60	..
Am. Ice	..	..	49	8⅞	139	37	135¾	125¾	133	‡6
Am. International	..	..	62¾	12	132¼	17	45½	42⅛	44	..
Am. Linseed Pfd.	47¾	20	92	24	113	4¼	87	82	†84	7
Am. Locomotive	74¾	19	98¼	46⅝	144⅞	58	119⅞	111⅛	114½	8
Do. Pfd.	122	75	109	93	124	96½	129	118½	†119¼	7
Am. Metal	..	..	..	..	57⅝	38¾	56	51⅛	53⅞	4
Am. Radiator	*500	*200	*445	*235	*345	64	115½	109¼	109¾	4
Am. Safety Razor	..	..	..	..	76¾	*3⅛	63	55¼	57	3
Am. Ship & Commerce	..	..	..	..	47⅛	4⅜	6⅜	5⅛	6¼	..
Am. Smelt. & Ref.	105½	56⅝	123¾	50¼	144⅛	29¼	144⅜	130¼	141	7
Do. Pfd.	116¾	98¼	118⅞	97	115¼	63¼	117½	113	117	7
Am. Steel Foundries	74½	24⅛	95	44	50	18	46⅞	44	46	3
Do. Pfd.	..	..	..	..	113⅛	78	113⅛	113	†113	7
Am. Sugar Refining	136⅝	99⅞	123½	83⅜	143⅜	36	79	73¾	77⅜	5
Do. Pfd.	133½	110	123½	106	119	67⅛	104	102	102¾	7
Am. Sumatra Tobacco	..	..	145¾	15	120½	6	14⅜	11	†12½	..
Do. Pfd.	..	..	103	75	120⅛	22½	†89	89½	†89½	..
Am. Tel. & Tel.	153⅜	101	134½	90⅝	145	92⅛	145½	142½	145	9

Price Range of Active Stocks

INDUSTRIALS—*Continued*

	Pre-War Period 1909-1913 High	Pre-War Period 1909-1913 Low	War Period 1914-1918 High	War Period 1914-1918 Low	Post-War Period 1919-1925 High	Post-War Period 1919-1925 Low	1926 High	1926 Low	Last Sale 2/3/26	Div'd $ Per Share
Am. Tobacco	*530	*260	*256	*123	*314½	82⅛	119⅞	114¼	119⅝	8
Do. Com. B	..	..	..	..	*210	81¼	118⅞	113⅛	118⅛	8
Am. Water Wks. & Elec.	..	..	..	..	*144	*4	74	68	70¼	1.20
Am. Woolen	40⅝	15	60⅞	12	169½	34¾	42⅞	38	38¾	..
Do. Pfd.	107¾	74	102	72½	117⅞	69½	89¾	86	86	7
Anaconda Copper	54⅜	27½	105⅜	24¼	77⅞	28½	50⅝	46⅛	49	3
Associated Dry Goods	..	..	28	10	*140½	46⅛	54⅞	50⅛	52⅛	2½
Do. 1st Pfd.	..	..	75	50½	102	49⅞	102½	101¼	†101	6
Do. 2nd Pfd.	..	..	49½	35	108	38	108	107½	†108	7
Associated Oil	..	..	*78¾	*52½	*142	24⅞	56	44¾	55¼	2
Atl. Gulf & W. Indies	13	5	147¾	4½	192⅝	9¼	68⅝	55⅛	56⅛	..
Do. Pfd.	32	10	74¾	9⅞	76½	6¾	56¼	52⅜	†51	..
Atlantic Refining	..	..	..	..	*1575	78½	110	105	108½	..
Austin Nicholas	..	..	..	..	40⅝	8	28	24	26	..
Do. Pfd.	..	..	..	..	95	50⅝	93	89⅞	†90½	7
Baldwin Locomotive	60¾	36½	154½	26⅝	156¼	62¼	136½	123	128	7
Do. Pfd.	107½	100¼	114	90	118	92	113	111	113	7
Bethlehem Steel	*51⅝	*18¾	155½	59¾	112	37	50¼	46⅛	47⅜	..
Do. 7% Pfd.	80	47	186	68	108	87	105	100⅜	104	7
Do. 8% Pfd.	..	..	110½	92½	116⅝	90	120	115	119⅛	8
Brooklyn Edison Electric	134	123	131	87	156½	82	146½	133½	144½	8
Brooklyn Union Gas	164½	118	138¾	78	*128	41	78¾	74½	77⅞	4
Burns Brothers	45	41	161½	50	147	76	141	129¾	137	10
Do. B	..	..	..	..	53	17	42¾	36	41⅞	2
Butte & Superior	..	..	105¼	12¼	37⅞	6⅛	16¼	13½	15¼	2
California Packing	..	..	50	30	136½	48¼	175½	129⅛	175¼	6
California Petroleum	72½	16	42⅝	8	71⅞	15⅝	34⅛	30⅝	33⅝	2
Central Leather	51¾	16½	123	25⅞	116½	9⅝	20⅛	17½	17⅛	..
Do. Pfd.	111	80	117⅝	94⅞	114	.28½	68¾	60¾	62	..
Cerro de Pasco Copper	..	..	55	25	67½	23	66	57½	65	4
Chandler Motor	..	..	109⅞	56	141¼	26⅞	49	45½	46	3
Chile Copper	..	..	39¼	11¼	38⅜	7	36⅝	33	34¾	2½
Chino Copper	50⅜	6	74	31⅝	50⅞	14¾	19⅝	16¾	†17	..
Chrysler Corp.	..	..	..	..	*253	*108¼	54⅞	46½	49⅛	..
Do. Pfd.	..	..	..	..	111⅞	100⅛	108	104⅛	105½	8
Coca Cola	..	..	..	..	177¾	18	158	146½	157	7
Colorado Fuel & Iron	53	22½	66½	20½	56	20	38	34½	35⅛	..
Columbia Gas Elec	..	..	54⅛	14¼	*114⅞	30¼	90	83⅛	86	2.60
Congoleum-Nairn	..	..	..	..	*184⅜	15⅞	21⅝	16⅛	21⅝	..
Consolidated Cigar	..	..	..	..	80	11⅝	64¾	58¼	60⅝	..
Consolidated Gas	*165¼	*114½	*150½	*112½	*145¾	56¾	100¾	94½	100½	5
Continental Can	..	..	*127	*37½	*131¾	34⅜	92½	83⅜	87¼	‡5
Corn Products Refining	26½	7⅜	50½	7	*160½	21⅛	43⅜	39¾	41⅜	2
Do. Pfd.	98½	61	113⅛	58⅛	127	96	123¾	122½	†122½	7
Crucible Steel	19⅝	6½	109⅞	12¼	278½	48	81½	77½	79⅝	5
Cuba Cane Sugar	..	..	76⅜	24⅞	59⅜	5⅝	11½	9⅛	11⅛	..
Do. Pfd.	..	..	100½	77¼	87	13⅛	49⅛	43	48¾	..
Cuban-American Sugar	*58	33	*273	*38	*605	10⅞	30⅜	24¼	29¾	2
Cuyamel Fruit	..	..	..	..	74½	44	51	46	50¾	4
Davison Chemical	..	..	..	..	81¼	20⅜	43½	38⅛	42½	..
Dupont de Nemours	..	..	..	..	271¼	105	238⅞	216⅛	230	8
Eastman Kodak	*No Sales		*605	*605	*690	70	112⅜	108¼	110	‡5
Electric Storage Battery	*64¼	*42	*78	*42¼	153	37	75¾	73	75	‡5
Endicott-Johnson	..	..	..	..	150	44	69½	67½	68	5
Do. Pfd.	..	..	..	..	119	84	118	114	118	7
Famous Players-Lasky	..	..	..	..	123	40	120½	103⅛	116⅞	8
Do. Pfd.	..	..	..	..	120	66	123½	116½	120½	8
Fisher Body	..	..	43	25	*240	60¼	105⅜	93¾	†98	5
Fisk Rubber	..	..	..	..	55	5½	26¼	23	24½	..
Do 1st Pfd.	..	..	..	..	116½	38⅛	115	111¼	113¾	7
Fleischmann Co.	..	..	..	..	*171½	*75	56½	50¾	55¾	..
Foundation Co.	..	..	..	..	183¾	58½	179¾	155¼	166¾	8
Freeport-Texas	..	..	70½	25¾	64⅜	7½	28	19⅝	27½	..
General Asphalt	42⅞	15½	39⅜	14¼	160	23	73	64	68⅜	..
General Cigar	..	..	..	..	115¼	47	116⅞	109½	110¾	8
General Electric	188½	129¾	187¼	118	337¼	109⅛	347½	323	341½	8
General Motors	*51¾	*25	*850	*74½	149¾	*8⅛	129⅝	115¾	128¾	6
Do. 7% Pfd.	..	..	..	..	115	95⅛	115½	113½	114½	7
General Petroleum	..	..	..	..	59⅛	38⅜	59½	54¾	58¼	3
Goodrich (B. F.) Co.	86½	15½	80¼	19⅝	93⅜	17	70¾	60⅜	70	4
Do. Pfd.	109¾	73⅜	116¾	79⅞	109½	62¼	99⅜	96⅛	99⅜	7
Goodyear T. & R. Pfd.	..	..	..	..	114⅝	35	105	103⅛	104½	7
Do. prior Pfd.	..	..	..	..	109	88	106	105⅜	†105¾	8
Granby Consolidated	78¼	26	120	58	80	12	23¾	18½	23	..
Great Northern Ore Ctfs.	88½	25½	50⅜	22½	52¾	24⅞	26⅞	25½	26	1¾
Gulf States Steel	..	..	137	58¾	104⅝	25	93⅜	85¾	87⅞	5
Hayes Wheel	..	..	..	..	52⅞	30	46	42¼	43½	‡3
Houston Oil	25½	8¼	86	10	116½	40½	72	64	68½	..
Hudson Motor Car	..	..	..	..	139½	19½	123¼	106½	112	3
Hupp Motor Car	..	..	11¾	2½	31	4⅝	28⅜	24¾	25¾	1
Inland Steel	..	..	..	..	50	31⅛	43½	40	40½	2½
Inspiration Copper	21⅝	13⅞	74¾	14¼	68⅞	22⅛	25¾	23¼	24⅞	2
Inter. Business Mach.	..	..	52⅝	24	176¼	28¾	147½	140	145	8
Inter. Combustion Eng.	..	..	..	..	69½	19⅝	64½	53⅛	58¾	2
Inter. Harvester	..	..	121	104	149⅝	66¾	133¾	124	130	5
Inter. Merctl. Marine	9	2⅛	50⅝	⅝	67¾	4⅞	11¼	9½	10	..
Do. Pfd.	27⅝	12½	125⅝	8	128½	18½	43¼	37¾	41¼	..
Inter. Nickel	*227¼	*135	57½	24½	48½	24¼	46¼	41	44⅝	2
Inter. Paper	19¾	6⅛	75½	9½	91¾	27⅞	63⅜	56	59	..
Kelly-Springfield Tire	..	..	85¼	36⅞	164	9⅜	19⅞	17	19	..
Do. 8% Pfd.	..	..	101	72	110	33	72	68¼	70¼	..
Kennecott Copper	..	..	64¼	25	59¼	14⅝	57⅞	54	56⅜	4
Kinney (G. R.) Co.	..	..	..	..	103	35⅛	82⅛	75	†75¾	4
Lima Locomotive	..	..	..	..	74⅞	52	69¾	63	65¾	4
Loew's, Inc.	..	..	..	..	44¾	10	40¾	37½	39⅜	2
Loft, Inc.	..	..	..	..	28	5½	7⅝	7	7½	..
Lorillard (P.) Co.	*215½	*150	*239⅞	*144½	*245	30¼	42¼	35¼	41⅛	3
Mack Trucks	..	..	..	..	242	25½	159	135¼	145¾	6
Magma Copper	..	..	..	..	46	26⅛	43½	40¾	43	3
Mallinson & Co.	..	..	..	..	45	8	28⅛	24	†23½	..
Maracaibo Oil Explor	..	..	..	..	37½	16	28⅞	24⅛	26⅞	..
Marland Oil	..	..	..	..	60⅛	12⅛	60¼	55	59⅜	4

New York Stock Exchange
Price Range of Active Stocks

INDUSTRIALS—*Continued*

	Pre-War Period 1909-1913		War Period 1914-1918		Post-War Period 1919-1925		1926		Last Sale 2/3/26	Div'd $ Per Share
	High	Low	High	Low	High	Low	High	Low		
May Department Stores	*88	*65	*97½	*35	*174¾	*60	137½	126⅝	130½	5
Mexican Seaboard Oil	..	..	..	..	34½	5¾	12⅛	9½	10¼	..
Miami Copper	30¼	12¾	49¾	16½	32¾	8	12⅜	11⅝	12⅛	..
Montgomery Ward	..	..	..	..	82½	12	82	71¼	75¾	..
National Biscuit	*161	*96½	*139	*79⅞	*270	35⅝	93¼	74	91¼	4
National Dairy Prod.	..	..	..	..	81⅞	30⅛	80	74	76⅛	3
National Enam. & Stamp	30¼	9	54½	9	89½	18½	40½	35	†34	..
National Lead	91	42½	74⅝	44	174¾	63½	174¾	163¼	170	8
N. Y. Air Brake	98	45	136	55⅞	*145¾	26⅝	42⅝	36½	41½	2
Do. Class A	..	..	..	..	57½	45⅛	60	55¼	58½	4
N. Y. Dock	40¼	8	27	9¼	70¾	15¼	41½	34	40⅛	..
North American	*87⅞	*60	*81	*38⅞	*119½	17½	67	63¼	64⅞	§10%
Do. Pfd.	..	..	..	..	50½	31⅞	50½	49	50	3
Pacific Oil	..	..	..	..	78½	27½	80½	74¼	80⅝	3
Packard Motor Car	..	..	..	..	48½	9⅞	43⅜	38	40	2
Pan.-Am. Pet. & Trans.	..	..	70¾	35	140¼	38⅛	76½	65¾	70	6
Do. Class B	..	..	..	..	111¾	34⅛	78⅜	67	71½	6
Philadelphia Co.	59¼	37	48⅞	21½	68¾	26½	70¼	63	65¾	4
Phila. & Reading C. & I.	..	..	..	..	54¼	34⅛	46¼	41⅛	44	..
Phillips Petroleum	..	..	..	..	69⅝	16	47	42¾	46	3
Pierce-Arrow	..	..	65	25	99	6⅛	43⅛	35⅝	38½	..
Do. Pfd.	..	..	109	68	111	13⅛	108⅞	94	104½	..
Pittsburgh Coal	*29⅜	*10	58¾	37½	74⅝	37¼	42½	39½	41	..
Postum Cereal	..	..	..	..	*134	*47	124⅞	106⅛	122¾	4.40
Pressed Steel Car	56	18½	88¼	17¼	113¾	39	79¾	68¾	71	..
Do. Pfd.	112	88½	109⅛	60	106	67	95⅜	91	92	7
Pub. Serv. N. J.	..	..	..	..	87⅞	39	92⅛	79⅜	87¾	5
Pullman Company	200	149	177	106½	173½	87¾	174	164⅜	168¼	8
Punta Alegre Sugar	..	..	51	29	120	24¾	46⅝	39	45⅞	..
Pure Oil	..	..	143⅞	31⅞	61⅞	16¼	31	28⅝	30¼	2
Radio Corp. of Am.	..	..	..	..	77⅞	25⅞	46⅝	41	43¾	..
Railway Steel Spring	54½	22¼	78½	19	182	67	175½	162	†165	8
Do. Pfd.	113⅜	90¼	105½	75	122	92½	120⅛	119½	†120½	7
Ray Consol. Copper	27½	7½	37	15	27½	9⅞	12¼	11⅝	11⅞	..
Replogle Steel	..	..	..	..	93½	7⅛	15⅞	13⅝	13⅝	..
Republic Iron & Steel	49⅛	15¾	96	18	145	40⅛	63⅝	56¼	57¾	..
Do. Pfd.	111¼	64½	112⅝	72	106¾	74	95	92¾	95	7
Royal Dutch N. Y.	..	..	86	56	123⅜	40⅜	57⅝	52⅝	53¾	a1.34
Savage Arms	..	..	119¾	39⅞	108⅜	8⅞	99⅝	88⅝	95½	4
Schulte Retail Stores	..	..	..	..	134⅞	88	138½	129¾	137	8
Sears, Roebuck & Co.	124¾	101	233	120	243	54¼	241⅞	213½	222	6
Shell Trans. & Trading	..	..	..	..	90¼	29⅛	48⅝	45⅞	†45⅛	.96½
Shell Union Oil	..	..	..	..	28⅜	12⅛	28⅛	25⅝	27½	1.40
Simmons Company	..	..	..	..	54⅝	22	54½	52¾	52¾	‡2
Simms Petroleum	..	..	..	..	28½	6⅛	28⅝	23¾	25⅝	1
Sinclair Consol. Oil	..	..	67⅛	25¼	64¼	15	24⅛	20½	23¾	..
Skelly Oil	..	..	..	..	35	8⅝	32⅞	29½	32	2
Sloss-Sh. Steel & Iron	94⅝	23	93¼	19⅛	143½	32⅛	136½	120	126½	6
Standard Oil of Calif.	..	..	..	..	*135	47⅛	62¼	55⅛	58¾	2
Standard Oil N. J.	*448	*322	*800	*355	*212	30⅞	46⅜	43⅛	45¾	1
Do. Pfd.	..	..	..	..	119⅛	100⅛	118	116¾	117½	7
Stewart-Warner Speed	..	..	*100½	*43	*181	21	92⅞	82½	84¼	6
Stromberg Carburetor	..	..	45¼	21	118¼	22⅛	77¼	72⅞	†73½	6
Studebaker Company	49½	15¾	195	20	*151	30⅛	59⅞	55¼	58¾	5
Do Pfd.	98⅛	64½	119½	70	125	76	†120	†120	†120	..
Tennessee Cop. & Chem.	..	..	21	11	17¼	6¼	15⅞	13⅜	15⅞	1
Texas Co.	144	74½	243	112	57¾	29	54⅞	50¾	53	3
Texas Gulf Sulphur	..	..	..	..	121⅞	32⅝	135⅛	119½	134⅜	8
Tex. & Pac. Coal & Oil	..	..	..	..	*275	30¼	19⅛	16¼	17¾	..
Tide Water Oil	..	..	225	165	195	5⅛	39¼	34¼	38⅛	1
Timken Roller Bearing	..	..	..	..	59⅜	28½	56⅜	52½	54⅝	‡3
Tobacco Products	145	100	82⅜	25	115	45	104¼	96½	99	6
Do. Class A	..	..	..	..	110⅜	76½	112	107	†108¼	7
Transcontinental Oil	..	..	..	..	62⅝	1¼	4¾	4	4⅛	..
Union Gulf of Calif.	..	..	..	..	43⅜	33	41⅞	57¼	40	2
United Cigar Stores	..	..	*127⅞	*8⅜	*255	42½	97⅞	83½	85⅜	3¼
United Drug	..	..	90⅞	64	175⅛	46¼	165⅜	150¾	165⅜	7
Do. 1st Pfd.	..	..	54	46	58⅛	36⅝	57¼	56	56¾	3½
United Fruit	208½	126½	175	105	246	95¾	270	236	270	‡10
United Ry. Investment	49	16	27½	4¼	41	6	24⅝	20	24	..
Do. Pfd.	77	30	49¼	10½	83¼	14	81½	75	80	..
U. S. Cast I. Pipe & F.	32	9¼	31⅞	7¾	250	10½	210¼	188	179	10
Do. Pfd.	84	40	67½	30	113	38	104	100⅜	102¾	7
U. S. Indus. Alcohol	57¼	24	171½	15	167	35¼	75½	62⅝	67	..
U. S. Realty & Imp.	87	49¾	63¾	8	*184½	17¼	71⅞	64¼	67¼	..
U. S. Rubber	59½	27	80½	44	143¾	22½	88¼	78½	83½	..
Do. 1st Pfd.	123½	98	115¼	91	119½	66½	109	106½	107½	8
U. S. Smelt., Ref. & Min.	59	30⅜	81½	20	78¼	18⅜	49⅞	45⅛	47	3½
U. S. Steel	94⅞	41¼	136⅝	38	139¼	70¼	138½	131¾	133¼	‡5
Do. Pfd.	131	102½	123	102	126⅝	104	127⅛	125¾	†126½	7
Utah Copper	67½	38	130	48½	111	41⅛	98	96	†99	5
Vanadium Corp.	..	..	..	..	97	19⅛	32½	30¼	31⅝	2
Western Union	86¼	56	105½	53⅜	144⅞	76	145⅜	134¾	145⅛	8
Westinghouse Air Brake	141	132½	143	95	144	76	126¾	116	121⅞	6
Westinghouse E. & M.	45	24¾	74⅞	32	84	38⅞	75¼	72	73	4
White Eagle Oil	..	..	..	..	34	20	28⅜	26¼	28¼	..
White Motors	..	..	60	30	104⅛	29¼	86¾	78¾	82	4
Willys-Overland	*75	*50	*325	15	40¼	4⅛	34	28⅛	31¾	..
Do. Pfd.	..	..	100	69	123⅞	23	98⅞	91⅛	98¾	7
Wilson & Co.	..	..	84¼	42	104⅞	4⅛	5⅜	4⅝	†4¾	..
Woolworth (F. W.) Co.	*177⅞	*76½	*151	*81½	*345	72⅛	222	197	208⅞	‡4
Worthington Pump	..	..	69	23½	117	19⅞	44¾	37⅛	41	..
Do. Pfd. A	..	..	100	85⅞	98⅛	65	80	77	†78	7
Do. Pfd. B	..	..	78⅜	50	81	53½	66	63	63	..
Youngstown Sh. & Tube	..	..	..	..	92½	59¾	89⅞	83	84½	4

* Old stock. † Bid price given where no sales made. ‡ Not including extras. § Payable in stock. a Payable this year.

Securities and Commodities

Analyzed, Rated and Mentioned in this Issue.

Public Utilities

Amer. Tel. & Tel. 705, 709
Amer. Water Works 705, 709
Brooklyn Edison 705, 709
Brooklyn-Manhattan 709
Brooklyn Union Gas 709
Columbia Gas & Electric 705, 709
Commonwealth Power 705
Consolidated Gas 705, 709
Detroit Edison 705, 709
Electric Bond & Share 705
Electric Power & Light 709
Federal Light & Traction 709
Fifth Ave. Bus 709
Hudson & Manhattan 709, 717
Interboro Rapid Transit 709
International Tel. & Tel. 709, 716
Laclede Gas 709
Manila Electric 709
Market St. Ry. 709
Montana Power 709
Niagara Falls Power 709
North American Co. 709
Pacific Gas & Electric 709
Peoples Gas 705, 709
Philadelphia Co. 709
Public Service of N. J. 705, 709
Standard Gas & Electric 709
Third Ave. Ry. 709
Twin City Rapid Transit 709
West Penn Co. 709
Western Union Tel. 709

Railroads

Atchison 705, 711
Atlantic Coast Line 711
Baltimore & Ohio 705, 711
Canadian Pacific 711
Chesapeake & Ohio 711
Chicago & Eastern Ills. 711
Chicago, R. I. & Pac. 711
Chicago Gt. Western 711
Chicago, Mil. & St. Paul 711
Chicago Northwestern 711
Cleveland, C. C. & St. Louis 711
Colorado & Southern 711
Delaware & Hudson 711
Delaware, Lack. & Western 711
Erie 711
Great Northern, prd. 705, 711, 715
Gulf, Mobile & Northern 711
Illinois Central 705, 711
Kansas City Southern 711
Lehigh Valley 711
Louisville & Nashville 705, 711
Minn., St. Paul & S. S. M. 711
Missouri-Kansas Texas 711, 716, 718
Missouri Pacific pfd. 711
N. Y. Chicago & St. Louis 711
N. Y. Central 705, 711, 740
N. Y., N. H. & H. 711
Norfolk & Western 711
Northern Pacific 711
Pennsylvania 705, 711
Pere Marquette 711
Reading 711
St. Louis-San Francisco 711
St. Louis-Southwestern 711
Seaboard Air Line 711
Southern Pacific 705, 711
Southern Railway 705, 711
Texas & Pacific 711
Union Pacific 705, 711
Wabash 711

Bonds

Andian National 1st 6s '40 713
Belding-Hemingway 6% Notes '36 713
Cen. States El. Sec. S.F. Deb. 6s '45 713
Eitingon-Schild Co. S. F. Deb. 6s '35 713
Electric Refri. Conv. 6% Notes '36 713
Elk Horn Coal Deb. 7s '31 713
Indian Flooring 6½s '40 713
Larutan Fuel 1st S. F. 5s '30 713
N. Am. Cem. S. F. Deb. "A" 6½s '40 713
Pathe Exchange 8s '31 713
Penn-Ohio Edison Deb. "A" 6s '50 713
Producers & Refiners 1st 8s '31 713
Rand-K'rd'x-Bu. S. F. 5½% Nts. '31 713
Shur-On St. Op. Co. 1st S. F. 6½s'40 713
S'theast. Pr. & Lt. Deb. "A" 6s 2025 713
Southern Gas 1st 6½s '35 713
Superior Oil 1st 7s '29 713
Transcontinental Oil 7s '30 713
Trumbull Steel Deb. 7s '35 713
Walworth Co. S. F. Deb. "A" 6½s '35 713

Industrials

American Bank Note 740
American Can 705
American Car & Foundry 736
American Cyanamid 764
American Type Founders 715
Bridgeport Machine 732
Courtaulds Ltd. 721
Crucible Steel 740
Devoe & Reynolds 765
Diamond Match 716
Electric Storage Battery 717
General Electric 705
Industrial Rayon 722
International Harvester 705
International Silver 765
R. H. Macy 718
National Dairy Products 715
National Biscuit 705
National Supply 731
Oil Well Supply 732
Penn-Seaboard Steel 753
Pullman Co. 705, 736
Republic Iron & Steel 729
Reynolds Tobacco 705
Sears Roebuck 705
Snia Viscosa 772
Trans-Lux 776
Tubize Artificial Silk 721
Union Carbide 742
United Shoe Machinery 742
U. S. Industrial Alcohol 719
U. S. Steel 705
Uwandon 753
Waldorf System 754
Western Union 740
Woolworth 705

Mining

American Metals 733
Anaconda 733
Cerro De Pasco 733
Chile Copper 733
International Nickel 733
Kennecott Copper 716, 733
Magma Copper 733
Newmount Mining 733
N. J. Zinc 733
St. Joseph Lead 733

Petroleum

Lion Oil & Refining 752
Marland Oil 736
Pure Oil 736
Simms Petroleum 754
S. O. of N. J. 705, 740
Texas Co. 754

Commodities

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Cotton 769
Metals 763
Petroleum 767
Steel 723
Wheat 768

ANSWERS TO INQUIRIES

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more than 8,500 cars in operation and earnings from this source are more than sufficient to cover the $8 dividend on the 1,350,000 shares of capital stock outstanding. Dividends have been maintained without interruption for more than 25 years. Its stable return accounted for, the company's equity in the profits of manufacturing subsidiaries contains food for thought. Earnings from this source should eventually make a higher dividend rate or generous cash extra possible. Furthermore, from time to time there has been talk of segregation, which report does not appear extravagant. Pullman earned $11.68 per share in the late year, but in view of improved trade conditions should better this showing in 1926. Total holdings of cash and securities are about 54 millions, or the equivalent of better than $40 a share on the stock. This security is hardly on the bargain counter at the present time, but in view of the possibility of an extraordinary disbursement in the not distant future we believe it should be retained with a view to developments.

LION OIL & REFINING

What can you tell me of Lion Oil & Refining? The stock was recently brought to my attention by a friend who is very enthusiastic in regard to its profit possibilities. On the basis of his statements the stock appears very much undervalued but I have not been able to check up on his figures. Have you a recent earning statement or balance sheet available?
O. N. R., Ft. Worth, Tex.

The Lion Oil & Refining Company operates in the Arkansas fields and constitutes a complete cycle in the industry, being a successful producer, refiner and transporter of petroleum and its products. Its present production is estimated to be running between 10,000 and 12,000 barrels daily. Owns a fully equipped and modern refinery of 10,000 barrels daily capacity which operates under the Burton cracking process. This plant is especially adapted to treat low gravity crude. Pipe lines tap the Smackover, Louann and South and East El Dorado fields. Owns 787 tank cars and is estimated to have a heavy storage of crude oil. The latest available balance sheet shows current assets of $1,675,092 and current liabilities of $655,017, indicating working capital in excess of one million dollars. Capitalization is conservative, consisting of 200,000 no par common shares and $925,000 First Mortgage 7s, due serially until 1929. Dividends at the rate of $2 annually are maintained on the common. Complete figures covering 1925 operations are not as yet available, but the company earned $10.19 a share on the common (before write-offs) in the nine months ended Sept. 30, 1925. The immediate outlook is favorable. Thus far public interest has not been manifest in the stock and consequently it has remained sluggish in the

market but a survey of the above data would influence one to believe it is considerably undervalued.

VIVAUDOU, INC.

A little over a year ago I bought Vivaudou stock at 9½. This was right after there was a change in the control. For several months the stock has moved within a narrow range and I am inclined to take my profit on it. When it was around 15 you advised me to hold it and for that reason I am asking your opinion of my decision to sell now. N. S. K., Chicago, Ill.

We were favorably disposed toward Vivaudou shares at levels materially below those now prevailing but are rather inclined to believe the substantial advance marketwise has discounted much that is favorable in the situation. Developments in the affairs of this company have been along constructive lines. A change in control was followed by the application of modern business methods with the result that Vivaudou was able to show $1.40 a share earned on the common in eleven months against a sizable deficit in the year preceding. Recently, it has expanded its field, purchasing the entire capital stock of the Alfred H. Smith Co. which owns exclusive American and Canadian sales rights covering the Djer-Kiss line of toilet articles. Estimated returns from this investment should cut an appreciable figure in 1926 income account. However, the progress of the company from now on should be less rapid than in recent months and the stock at present levels does not appear to contain unusual profit possibilities. We would suggest accepting your profits and employing the proceeds in the purchase of California Petroleum which appears attractive.

PENN-SEABOARD STEEL

I have 100 shares of Penn Seaboard Steel which cost me 5½ in 1923. I bought it on a tip that it was going to 25. I haven't seen daylight since I bought it. Do you think I ever will? P. A. C., New York City.

It is difficult to regard Penn-Seaboard Steel in any other light than as a very uncertain speculation. The finances of this company have shown somewhat of an improvement over their former wretched state, but at best they stand in dire need of betterment. The latest balance sheet available shows net working capital of only about $350,000. This compares with an excess of current liabilities over current assets at an earlier date. The fact that this improvement was brought about mainly through the sale of additional stock does not give rise to particular enthusiasm. What is of paramount importance is that this company appears unable to develop anything resembling a substantial and lasting earning power. For the nine months ended September 30, 1925, the company reported a loss before depreciation of $101,220. This is an improvement over the deficit of $227,015 in the preceding year, but at best there are hardly grounds for optimism. We see no advantage to be derived from holding this stock. A switch to Pierce Petroleum which is

making fair progress under a new and energetic management is suggested.

WALDORF SYSTEM

Please give me some information regarding the earnings and the outlook for the Waldorf System common stock. What is your idea of the dividend prospects? Do you think this stock will advance this year? G. A. C., Brooklyn, N. Y.

For the year ended December 31, 1925, the Waldorf System reported net earnings equivalent to $2 per share on the common, as against $2.24 in the year preceding. While this indicates a falling off in net, an unusual situation existed, which had an adverse but merely temporary effect upon income account. The explanation lies in the fact that the company was obliged to close certain of its restaurants because of the lapsing of leases and the imposition of prohibitive terms for renewal. However, Waldorf System is a sound and ably managed company and the foresight of its directors in foregoing mediocre profits for the sake of ultimate return is now being reflected in earnings statements. As a matter of fact, the company earned 64 cents a share in the final quarter of 1925 against 54 cents in the same period of the previous year. While there are little indications of an increase in the current dividend rate, the present payment appears reasonably secure. The stock at present yields a fair return and over a period of time is not unlikely to sell higher.

TEXAS COMPANY

As nearly as I can judge, conditions in the oil industry are improving right along. As a stockholder of Texas Company I would like to know whether you think I am holding the right oil stock. I bought these shares in 1923 at 41. D. A. T., Boston, Mass.

Your understanding is quite correct. The oil industry, after remaining in the "dumps" for some time has recently taken on a new lease of life, and conditions therein today warrant some optimism. A decline in production with indications of something further along these lines has been reflected in a hardening in oil prices. The oils as a group share the center of the stage with the rails and should move into higher ground. We rate Texas Company as one of the most attractive of oil stocks. If you are not unduly impatient you could hardly do better than hold this issue. The finances of the company are remarkably sound, current assets amounting to 143 millions while current liabilities are not in excess of 12 millions. This indicates net working capital of over 130 millions, against approximately 100 millions at the end of 1924. It is estimated that net earnings for 1925 ran somewhere between $6 and $6.50 a share on the capital stock, a considerable increase over the $4.02 of the year previous. We consider the stock to be well worth retaining.

SIMMS PETROLEUM COMPANY

I would very much appreciate any information you may give me regarding Simms Petroleum. I have accumulated several hundred shares of this

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stock at various prices between 7 and 25. My average is about 16 without taking into account from one to two years' loss of interest on my money offset by one year's dividends. Would you advise me to liquidate my holdings gradually or hold on to all of them?
A. K. T., Minneapolis, Minn.

Simms Petroleum is doing well from an earnings standpoint at the present time, having shown net income in excess of $4 a share as the result of 1925 operations. The immediate outlook is rather favorable. However, it is difficult to wax enthusiastic regarding this company when one takes into consideration the fact that most of its production comes from the Smackover, Mexia and Wortham pools, fields not noted for their sustained productivity. Whether the company's mild prosperity will be carried through to the indefinite future is largely a matter of conjecture. The stock has long range possibilities in the event of a sustained rising oil market when it might be expected to participate to its proportionate extent; but in our estimation better opportunities lie elsewhere. We prefer Marland Oil.

U. S. INDUSTRIAL ALCOHOL CO.

(*Continued from page 719*)

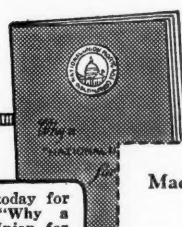
search and development. In the last five years it has developed a multitude of new uses for alcohol, most of them not heretofore suspected. Outside of certain manufactures like fertilizers, it has concentrated principally on these new uses. A development of enormous possibilities is that of lacquers. This substitute for varnish is growing rapidly in sales. Furniture factories are taking it up. It promises ultimately to supersede anti-freeze solutions as a revenue backbone.

A second development is in the use of alcohol or its esters as a motor fuel. In Europe where petroleum has been too dear for purchasing power of the people, it has made great strides. In aviation it is superior to gasolene. There are many other motor uses where its superiority will tell.

It is impossible to review in detail the multiple uses of alcohol and its derivatives. But it is certain that lacquers and motor fuel will ultimately become great industrial factors. It is this primacy in research and development with which U. S. Industrial Alcohol calls upon the future to redress the balance of the present. In view of consistent growth in asset value, in earning power and in working capital, its financial foundations are excellent. But dividends remain uncertain. *U. S. Industrial common is, therefore, a long pull speculation of merit. But immediate stock market gains do not seem likely.*

For Help in Solving Your Life Insurance Problems Consult Our Insurance Department.

NATIONAL UNION MORTGAGE CO.
BALTIMORE



HOW OUR FOREIGN LOANS ARE CENSORED

(Continued from page 699)

answer to a humble petition for a permit to make a foreign loan is not to be construed as consent.

This is the way the smoothly running financial dictatorship—of the world, shall we say?—operates. Having promise of a foreign loan that carries a respectable margin for the house—which may be much more than the 4% of "velvet" J. P. Morgan & Co. admit the underwriters of the recent Italian loan diverted for their own reward—a telegram, telephone message, letter or "the chief" of the security house himself goes to Washington, according to the degree of haste and urgency involved.

All the facts about the proposed loan are laid bare in the correspondence and conferences that follow. The Department of State receives the application and the data in the first instance. Sometimes they come first of all to the Secretary's desk, but ordinarily Leland Harrison, assistant secretary, deals with the proposal initially. He is likely to take it up with Arthur N. Young, the department's economic adviser. It may, perhaps, have a military aspect, in which case the War Department (general staff) would be consulted.

If the State Department finds nothing objectionable in the proposed loan its approval is referred to the Treasury Department, where Gerard Winston, Under-secretary of the Treasury, is likely to start it through such scrutinies as he may consider advisable, before it is up for the "A. M." of the Secretary.

At the same time, the State Department asks Secretary Hoover whether the Department of Commerce sees any reason why the loan should be denied. Mr. Hoover takes it up with Grosvenor Jones, head of his division of finance and investment, and, very likely, with Julius Klein, chief of the Bureau of Foreign and Domestic Commerce; and in dubious cases, with others.

The State Department considers proposed loans in their general bearings as affecting American foreign relations favorably or unfavorably—as provocative of complications or tranquilizers of diplomatic agitations. For example, one may imagine that the State Department would hasten to bury a loan that Dr. Young might advise as one that inherently involved international friction. That department would rather wrestle with the problems of American membership in the League of Nations than be drawn into action as a collection agency. On the other hand, it might see a rung for American prestige to go up a bit higher or a bit lower in a "delicate" quarter, accordingly as a loan might be made or denied.

The Treasury Department is especially keen about ramifications or im-

plications that might in any way mitigate the pressure it is applying to recalcitrant debtor countries, now chiefly France. It is secondarily concerned, possibly, in such matters as the effects of foreign loans on international exchange, the stabilizing of oscillating currencies and the balancing of national budgets.

The Department of Commerce eyes every proposed loan as a problem in trade strategy. Will it increase competition for American goods? Will it finance somebody or something to practice extortion on American buyers? This department also considers "the internal politics" side of a loan.

It would be "terrible" to finance a German syndicate that sells fertilizers to American farmers—just now. The farmers could be presciently heard demanding the lynching of an administration that would let the potash trust be financed with American money, but would not consent to finance our agricultural surplus. As a matter of fact, a German potash loan was disapproved; and it would not be advisable for any of the Chilean nitrate companies to consider floating their securities in the United States at this juncture of rural unrest and Muscle Shoals nitrates uncertainty. The Brazilians came a cropper when they tried to get $50,000,000 or so in the United States to finance a valorization scheme that has cost our coffee drinkers hundreds of millions of dollars.

In general, there being no domestic boomerangs visible, the Department of Commerce is for every loan that promises to boost American exports and against every one that promises to curtail them. There are occasions when it might smile on a loan that would stimulate imports, as for instance the financing of a rubber producing company outside the pale of British control, or one that would widen the American control of foreign oil fields.

If the proposed loan does not draw a blackball from any source, but is of a very nice determination and, possibly, of unusual moment, President Coolidge gets a look at it. Being pronounced harmless or helpful by all concerned, the Assistant Secretary of State, Mr. Harrison (probably) notifies the banking house that the Government of the United States has no objection to it. It is said that the formal decision is always put in that negative manner, even if Washington most ardently approves.

The State Department has made it as plain as a smudged face that the Government takes no responsibility in any way for the securities that finally issue into American safe deposit boxes from all these considerations. And the banking houses have been warned that they must not quote governmental permission as governmental endorsement. In fact, the banks never say a word about the government. They don't dare to. "Put out the loan and keep still," is the implied advice from Washington.

Once in a blue moon, a loan or a class of loans is of such a nature that

the Government thinks it advisable further to wash its hands of responsibility. Thus, banking houses that have been permitted to float German loans of various species have been given to understand that it will be quite useless for them to appeal to the State Department for help if the monopolization of exchange to meet the prior lien thereon of Dawes commission reparation payments makes it physically impossible for the German debtors punctually to get their cash in hand into cash in the hands of American creditors. It would be interesting, perhaps, to know how many investors in such securities ever heard of this "stop, look and listen" warning.

Adding this control of the whole field of foreign investments—now, for weal or woe, on attaining ten-billion-dollar proportions—to such previous active alliances of the government and the dollar as in Panama, Cuba, Nicaragua, Salvador, Hayti and San Domingo, where the *pax Americana* and the American dollar were twin pacificators, with sometimes a few battalions in the background, and—well, if future wars are to be fought without lethal weapons it looks as if Uncle Sam will be able to take care of himself.

Important Corporation Meetings

Company	Specification	Date of Meeting
du Pont de Nemours	Pfd. & Com. Divs.	2-15
Loew's, Inc.	Dividend	2-15
Mackay Cos.	Annual	2-15
United Cigar Stores	Pfd. & Com. Divs.	2-15
Youngstown Sh. & Tube	Pfd. & Com. Divs.	2-15
American Power & Light	Annual	2-16
Burroughs Adding Machine	Directors	2-16
Commercial Invest. Trust	Annual	2-16
Crucible Steel of America	Directors	2-16
International Business Mach	Special	2-16
Laclede Gas Light Co	Annual	2-16
Mackay Bros	Pfd. & Com. Divs.	2-16
National Surety	Dividend	2-16
Pacific Mills	Annual	2-16
Transue & Williams Steel Forging	Annual	2-16
American Tel. & Tel	Dividend	2-17
Con. Gas El. Lt. of Balt.	Pfd. & Com. Divs.	2-17
Electric Bond & Share	Annual	2-17
International Silver	Pfd. Div.	2-17
Northern Pacific Ry	Directors	2-17
Pressed Steel Car	Special & Annual	2-17
Republic Iron & Steel	Pfd. Div.	2-17
United Fruit Co	Annual	2-17
Waldorf System	Annual	2-17
Alliance Realty	Annual	2-18
Int. Cement	Pfd. & Com. Divs.	2-18
National Lead	Com. Dividend	2-18
Phillips-Jones Corp	Annual	2-18
Texas Gulf Sulphur	Dividend & Directors	2-18
General Electric Co	Directors	2-19
National Lead	Com. Dividend	2-19
Radio Corp. of America	Directors	2-19
Electric Auto-Lite Co.	Dividend	2-20
American Safety Razor	Dividend	2-20
Atlas Powder	Directors	2-23
Coca-Cola	Annual	2-23
Continental Can Co	Annual	2-23
International Shoe	Directors	2-23
Peoples Gas Light & Coke	Annual	2-23
Sears, Roebuck & Co	Annual	2-23
Union Oil of Cal	Annual	2-23
Worthington Pump & Mach	Pfd. Div.	2-23
Worthington Pump & Mach	Annual	2-23
American Tobacco Co	Pfd. Dividend	2-24
Calumet & Arizona	Dividend	2-24
Eisenlohr Bros.	Pfd. Dividend	2-24
Gen. Ry. Signal	Pfd. & Com. Divs.	2-24
Gt. Western Sugar	Pfd. & Com. Divs.	2-24
Liggett & Myers Tob	Pfd. Dividend	2-24
Montana Power	Pfd. & Com. Divs.	2-24
New Jersey Zinc	Annual	2-24
Advance-Rumely	Pfd. Dividend	2-25
American Republics	Annual	2-25
Central R. R. of N. J	Directors	2-25
Commercial Solvents	Annual	2-25
Consolidated Gas of N. Y	Pfd. Div.	2-25
Kansas City Southern Ry	Directors	2-25
Martin-Parry Corp.	Directors	2-25
Mathieson Alkali Wks.	Pfd. & Com. Divs.	2-25
Standard Milling Co	Directors	2-25
Underwood Typewriter	Annual	2-25
General Electric Co	Directors	2-26
Pacific Oil	Special	2-26
Yale & Towne Mfg	Directors	2-26

Bank and Insurance Stocks

Quotations as of Recent Date

National Banks:

	Bid	Asked
American Ex.-Pacific (16.50)	470	475
Chase (20A)	598	605
Chatham & Phenix (16)	370	380
Chemical (24)	750	...
City (20A)	607	615
Commerce (16)	371	377
First (N. Y.) (100A)	2800	2900
Hanover (24)	1090	1110
Mechanics & Metals (20)	458	465
Park (24)	535	545
Public (16)	740	760
Seaboard (16)	665	675

Trust Companies:

	Bid	Asked
Bankers (20)	630	640
Bank of N. Y. & Trust Co. (22)	635	650
Brooklyn (30)	870	890
Central Union (33)	875	890
Empire (16)	390	395
Equitable (12)	291	297
Farmers' L. & T. (16)	565	575
Guaranty (12)	379	384
Irving-Columbia (14)	332	338
Manufacturers (18)	522	530
New York (20)	548	555
United States (60)	1850	1900

State Banks (New York):

	Bid	Asked
America V.T.C. (12)	350	360
Corn Exchange (20)	585	600
Manhattan Co. (8C)	235	240
State (16)	650	675
United States (10)	315	325

Insurance Companies:

	Bid	Asked
Aetna Fire (24)	635	645
Aetna Life (12)	1380	1390
Carolina (1)	35	37
Continental (6)	140	143
Fidelity-Phenix (6)	195	199
Glens Falls (1.60)	39	41
Globe & Rutgers (28)	1650	1680
Great American (16)	310	315
Hanover (5)	190	195
Hartford Fire (20)	655	665
Home (18)	353	358
Milwauke Mech. (2.20)	36	39
National Fire (20)	800	...
Niagara (10)	253	...
North River (4)	115	...
Stuyvesant (6)	215	221
Travelers (20D)	1330	1350
United States (4.80)	157	162
Westchester (2.50)	49	51

Casualty and Indemnity Companies:

	Bid	Asked
American Surety (8)	170	190
National Surety (9)	220	230
U. S. Casualty (10)	395	410
U. S. Fid. & Guar. (9D)	219	221

Joint Stock Land Banks:

	Bid	Asked
Bankers of Milwaukee (4E)	127	135
Chicago (10)	145	160
Dallas (10)	145	160
Denver (8)	125	135
Des Moines (4E)	130	140
First Carolina (8)	125	135
Kansas City (10)	140	155
Lincoln (9)	140	155
St. Louis (9)	160	165
Southern Minnesota	130	142
Virginia (.50B)	8¼	9

(A) Includes dividends from Securities Company. (B) Par $5. (C) Par $50. (D) Ex-rights. (E) Annual rate not definite. Based on Jan. 1st payment.

BANK stocks presented some interesting features in the fortnight, among them the continued advance of *Empire Trust.* While previous to January the stock had been underrated, the pendulum has swung as far in the other direction as it should. At present price of 395 the stock is no longer very attractive. A much better commitment would be *New York Trust* at 555. Current yield is reasonably satisfactory, and promise of sustained advance much greater.

Announcement has been made that a majority of the capital stock of Bank of America has been exchanged for voting trust certificates. The greater part of the market will consequently revolve around the certificates rather than the undeposited stock. This voting trust assures continuity of management.

Joint stock land banks remain as yet out of investor favor, but the market is much more active. Present yields on the better stocks are more attractive than they have been in a year. With the concurrent advance in bond prices now prevailing, it is obvious that these stocks will advance as soon as their better position becomes assured. Corn belt stocks were weakest, *Kansas City* showing a real market recession.

Among the insurance stocks the greatest advance was shown by *Travelers* at 1350, with the rights selling at 315. This advance of more than 400 from low prices prevailing in 1925 has focussed attention on the insurance companies having their offices in Hartford. They are naturally assisted by the popularity of these stocks in New England. *Aetna Life* owes part of its gains to the fact that Connecticut laws make it a legal investment for savings banks.

Attention has been given to the remarkable annual reports of the "America Fore" group, *Continental, Fidelity-Phenix, First American* and *American Eagle.* Premium reserves showed a remarkable advance in 1925,

averaging about 20%. Such advances go far to justify the position that there is plenty of room for expansion of insurance in the United States. That half of insurable property is either not insured or very much underinsured, is a just commonplace. Hence in addition to the growth of the country itself there is plenty of elbow room for insurance growth. *Continental* is one of the most attractive of these stocks.

WHAT ONE HUNDRED PER CENT MARKET JUDGMENT WOULD CALL FOR NOW

(*Continued from page* 702)

alent. It would have its greatest width at the base, not at the top. It would look like any other legitimate pyramid, coming to a point at the top.

The Theoretical Person

This theoretical person would say to himself, "The time is coming when I shall be able to replace my stock holdings at lower prices. It may be six months, a year, or two, but the only way I can get the money with which to buy is to take advantage of the high prices which will prevail during the rest of this bull market. I may be selling good stocks which are yielding six to seven per cent and I may have to put the money into short term notes or other forms of secured investments which will yield only five per cent or five and a half per cent, but that loss of one or two per cent in interest does not concern me if by taking my already large profit I can later on repurchase at 10, 20 or 30 points lower. This has always been true and there is no reason why it should not eventually be so again. The question of my bonds and preferred stocks which I hold for permanent investment, has no relation to my operations in common stocks except in the case of certain weak holdings which I shall also get out of. The latter might shrink somewhat under the influence of a general decline in the market, but those which I keep for permanent investment will not bother me if they fluctuate a little."

So much for the investor who has bought stocks for income as well as profit. But those who have been concerned more with the making of a profit out of the changes in market price than in the dividends and yields on their holdings (again assuming faultness judgment) will, as the turning point approaches not only be completing the liquidation of their long stocks, but searching the list for issues which are over-valued market-wise and in a weak technical as well as statistical position.

In the above, the writer has endeavored to show what action would be taken by those possessing this theoretically ideal ability and foresight. How closely does your judgment measure up to it?

Over-the-Counter

IMPORTANT ISSUES

Quotations as of Recent Date*

	Bid	Asked
Aeolian Co., pfd. (7)	80	85
Aeolian Weber	30	36
Aeolian Weber, pfd. (7)	100	106
Allied Packers	3	4
Sr. Pfd.	6	9
Pr. Pfd.	28	33
Alpha Port. Cement (6)	130	135
Aluminum Co. of Am.	60	63
Pfd. (6)	98½	100
Pfd. Warrants	90	91
American Arch (7P)	130½	132½
American Book Co. (7)	142	145
Amer. Cyanamid (new):		
Cl. A.	43	46
Cl. B.	43	46
Pfd. (6)	89	93
Amer. Thread, Pfd. (¼)	4	4¼
Atlas Port. Cement (4)	52	54
Babcock & Wilcox (7)	143	146
Barnhart Bros. & Spindler:		
1st Pfd. (7) G.	104	107
2nd Pfd. (7) G.	96	99
Bliss (E. W.) Co. Ctfs.	26½	28½
1st Pfd. (4)	54	59
Cl. B. Pfd. (0.60)	9¾	10¾
Bohack (H. C.) Co. (10)	212	216
1st Pfd. (7)	101	104
Borden Co. (4P)	100	102
Bucyrus Co. (5P)	205	215
Pfd. (7)	104	108
Celluloid Co.	10	15
Pfd. (8)	50	60
Congoleum Co. pfd. (7)	96	98
Continental G. & El. (4.4)	145	152
Part pfd. (8)	101½	103½
Prior pfd. (7)	96½	98
Crocker Wheeler	15	20
Pfd.	50	60
Devoe & Reynolds:		
2nd Pfd. (7)	100	103
Eisenlohr (Otto) Bros.:		
Pfd. (7)	94	97
Fajardo Sugar (10P)	160	163
Franklin Rwy. Sup. (4)	89	93
Giant Port. Cement	45	47
Pfd. (3.5B)	48	51
Hale & Kilburn pfd. (⅛)	14	17
Hercules Powder (6P)	141	145
Pfd. (7)	113	115
Ide (Geo. P.) & Co., Inc.	4	7
Pfd. (8)	52	57
International Silver	108	110
Pfd. (7)	104	107
Jos. Dixon Crucible (8)	150	154
Johns-Manville, Inc. (3)	152	157
Knox Hat	58	63
Pr. Pfd. (7)	92	98
Part. Pfd. A	70	..
Lehigh Port. Cement (3)	90	92½
McCall Corp.	160	180
New (0.50)	40	45
Manhattan Rubber (2.5)	40	42
Metropolitan Chain Sts.:		
1st Pfd. (7)	107	111
2nd Pfd. (7)	106	110
Nat'l Fuel Gas (6P)	150	160
New Jersey Zinc (8P)	203	208
Niles-Bement-Pond	25	27
Pfd.	76	..
Phelps Dodge Corp'n (4)	118	122
Pierce, But. & Pierce:		
(New) (2)	23	25
Pfd. (8)	99	102
Richmond Radiator	16	18
Pfd. (3)	36	40
Royal Bak'g Powder (8)	188	195
Pfd. (6)	102	104
Safety Car H. & L. (8P)	121	124
Savannah Sugar (6)	145	155
Pfd. (7)	118	125
Servel Corp. B	61	63
Sheffield Farms pfd. (6)	100	104
Singer Mfg. Co. (10P)	372	378
Singer, Ltd. (¼)	7½	8½
Superheater Co. (6P)	140	145
Technicolor, Inc.	8	9
Wash. Ry. & Elec. (5)	205	220
Pfd. (5)	86	89
White R'k 2d pfd. (6P)	180	200
1st Pfd. (7)	100	104
Woodward Iron	82	85
Pfd. (6)	80	90

*Dividend rates in dollars per share designated in parentheses.

G—Guaranteed as to principal and dividend by Amer. Type Founders.

P—Plus extras.

B—Also extras on account of arrears.

AMERICAN CYANAMID was an outstanding feature of the fortnight's trading in over-the-counter securities. The old common stock sold above $210 a share on active demand, evidently based upon the anticipated split-up of the shares. Subsequent to ratification of the proposed split-up at a stockholders' meeting February 1st, one new share of Class A and four shares of Class B stock, both of $20 par value, were exchanged for the old $100 par common stock. The new stocks continued to reflect strong demand. *Alpha Portland Cement, National Fuel Gas, Savannah Sugar* and *International Silver* were among the more prominent, but less spectacular performers, in an otherwise irregular market.

Some further changes have been made in this department's list of quotations. *Otto Eisenlohr Bros.* common and preferred were listed on the New York Stock Exchange, thus repeating the history of several other former over-the-counter favorites. The removal of the *Poole Engineering* stocks was deemed advisable since there appears to be a very limited public interest in these issues. *Thompson-Starrett* common and preferred have also been

eliminated as these securities are now understood to be very closely held and little public activity exists.

DEVOE & REYNOLDS

This company's report for the year ended November 30, 1925, shows earnings of $3.69 a share for the Class A and Class B common stocks compared with the equivalent of $5.37 a share earned in the preceding year. Readers will recall that Devoe old common was recommended by this department prior to the exchange of old stock for two shares of Class A and one share of Class B stock and before these issues were listed, respectively, on the New York Stock Exchange and New York Curb Market. Those who followed this recommendation have a very substantial profit which the over-the-counter department believes they should now take. It is possible that these issues may advance further, due to speculative influences. Nevertheless, both Class A and B stocks, selling around 102, return but 2.35% on the basis of the current $2.40 dividend and the ratio of last year's earnings to market price is but 3.61%. Hence, the shares seem high enough from a purely investment viewpoint.

INTERNATIONAL SILVER

As indicated in our preceding issue, the affairs of this company have evidently taken a definite turn for the better. The company is the most prominent American manufacturer of silver and silver-plated wares, having been organized in 1898 to consolidate a number of concerns then operating in the United States and Canada. Its properties are extensive but the principal plants are located within the borders of Connecticut.

Earning power has been somewhat variable and, prior to 1918, dividends on the preferred stock were not always paid in full. This resulted in an accumulation of arrears which, in succeeding years, were gradually reduced so that unpaid dividends totaled 7% last December. No dividends were ever paid on the common stock.

Due to the small amount of this issue outstanding in previous years, net per share has fluctuated between a minimum of $9 and a maximum of $150. To properly understand the position of the junior shares, therefore, these earnings must be translated into terms of present capitalization. Thus, on the basis of 60,798 shares of $100 par value common now outstanding, net profits averaged approximately $12.3 a share annually for the three years ended December 31, 1924. Earnings for 1925 are expected to show a balance approaching $17 a share.

The increase in common capitalization is an outcome of a readjustment plan approved early in December. Under this plan, a long standing legal controversy between directors and shareholders was amicably settled and the company secured 2.1 million dollars of new working capital through the

(*Please turn to page 767*)

Unlisted Utility Bond Index

Holding Companies

	Investment Grade	Bid Price	Asked Price	Yield
American Gas & Electric 6s, 2014	B	98½	99¼	6.05
American Power & Light 6s, Series A, 2016	B	97	98	6.11
Central Power & Lt. 1st Pr. Ln. 6s, 1946	B	101	102½	5.80
Continental Gas & Electric 6s, 1947	B	100	....	6.00
National Power & Light, Inc. 7s, 1972	B	102¼	103½	6.69
Southwestern Power & Light 1st Mtge. 5s, 1943	B	94½	95½	5.42

Power Companies

	Investment Grade	Bid Price	Asked Price	Yield
Alabama Power Co. 1st Ln. & Ref. 6s, 1951	A	105¼	105¾	5.58
Appalachian Power Co. 1st 5s, 1941	A	98	100	5.00
Arizona Power 1st 6s, 1933	A	100	101	5.82
Binghamton Lt., Heat & Power 1st Ref. 5s, 1946	B	99	99¾	5.02
Central Ga. Power Co. 1st 5s, 1938	B	95	96	5.45
Consumers El. Lt. & Pwr. New Orleans, 1st 5s, 1936	B	96	98	5.25
Great Western Power Co. 1st Ref. 6s, 1952	A	100	102	5.85
Idaho Power Co. 5s, 1947	A	96½	97½	5.20
Illinois Power & Light 1st & Ref. 6s, 1953	B	101¾	102½	5.83
Kansas Electric Power 1st Series A, 6s, 1937	B	101	102	5.75
Memphis Power & Light 5s, 1948	A	99	100	5.00
Mississippi River Power 1st 5s, 1951	A	99¾	100½	4.97
Nebraska Power Corp. 1st 6s, 1949	A	103	105	5.60
Nevada-California Electric 1st 6s, 1946	B	99	99¾	6.02
New Jersey Power & Light 1st 5s, 1936	B	97	98	5.26
Niagara Falls Power 1st & Cons. Mtge. 6s, 1950	A	105½	....	5.58
Ohio Power Co. 1st Ref. 7s, 1951	A	106	107	6.43
Puget Sound Power & Light 5½s, 1949	A	100¼	101¼	5.38
Tennessee Power Co. 1st 5s, 1962	A	95¼	97	5.18
Texas Power & Light Co. 1st 5s, 1937	B	98½	99½	5.05
Virginian Power Co. 1st 5s, 1942	B	94	94¾	5.48
Washington Coast Utilities 1st Mtge. 6s, 1941	B	102	....	5.80
Yadkin River Power 1st Mtge. 5s, 1941	A	99	99¾	5.03

Gas and Electric Companies

	Investment Grade	Bid Price	Asked Price	Yield
Burlington Gas & Light 5s, 1955	B	92½	....	5.49
Cons. Cities Light, Power & Traction 1st 5s, 1962	B	81	82	6.25
Dallas Power & Light 6s, 1949	A	103	105	5.61
Gas and By-Products Co., 1st lien & coll. 7s, 1939	B	97½	100	7.00
Indianapolis Gas Co. 1st 5s, 1952	B	96½	97¼	5.19
Oklahoma Gas & Electric 5s, 1950	A	93½	94¼	5.45
Pacific Gas & Electric 1st & Ref. 5½s, 1952	A	102	102½	5.32
Portland Gas & Coke 1st 5s, 1940	B	98	99	5.10
Seattle Lighting Co. Ref. 5s, 1949	B	91½	93	5.53
Tri-City Railway & Light 5s, 1930	B	98½	99	5.25
Twin State Gas & Electric Ref. 5s, 1953	B	92½	93½	5.45
United Light & Railways 6s, 1952	B	98½	99½	6.04
Wilmington Gas Co. 5s, 1949	B	94½	96½	5.26

Traction Companies

	Investment Grade	Bid Price	Asked Price	Yield
Brooklyn City & Newton 1st 5s, 1939	B	78	82	7.10
Columbus Street Railway 1st 5s, 1932	B	92¾	....	6.38
Galveston-Houston Electric Railway 1st 5s, 1954	B	80	83	6.28
Georgia Light, Power and Railway 5s, 1941	A	87	88	6.25
Nashville Railway & Light 5s, 1953	B	97	98½	5.10

Telephone and Telegraph Companies

	Investment Grade	Bid Price	Asked Price	Yield
Chesapeake & Potomac Tel. Co. (Va.) 1st 5s, 1943	A	99	100	5.00
Cuban Telephone Co., 1st & Ref. 7½s	B	106	107	6.75
Home Tel. & Tel. Co. of Spokane 1st 5s, 1936	A	98	101	4.88
Ohio State Telephone Co. Ref. 5s, 1944	A	99½	101	4.91
Southern California Telephone 1st & Ref. 5s, 1947	A	98¾	99½	5.05

Yield computed at the asked price.

Advances in price have characterized unlisted public utility bonds in January. This tendency to smaller yields was confirmed by the sale of Commonwealth Edison bonds on less than a 5 per cent basis. Somewhat inferior first mortgage bonds, however, such as Florida Western Power were offered on a 5.45 per cent basis. Great activity has ruled among such high-grade bonds as are likely to become legal for savings banks investment. It is expected that the New York law will be changed this Spring.

The only important merger announced has been that of Southeastern Power & Light and Georgia Railway and Power.

(*Continued from page* 765)

sale of 51,445 shares of treasury stock to shareholders at $75 a share. At the same time, all back dividends on the preferred stock were paid off and the way opened to begin dividend payments to common shareholders at the proposed rate of $6 per annum.

International Silver has always maintained a strong financial position. Working capital amounted to 9.30 million dollars at the close of 1924 and the recent sale of common stock has undoubtedly further enhanced the total of current assets. Capitalization now consists of 4.41 millions of funded debt, 6.03 millions of 7% cumulative preferred and 6.08 millions common stock.

As already indicated, the outlook for this company is encouraging. Though the common stock has enjoyed a substantial advance in the past fortnight, this department regards the issue as an attractive holding for the patient investor in view of the conditions outlined. The preferred shares afford a good return and are desirable as an investment for income with prospects for moderate price appreciation.

BUSINESS LESS ACTIVE

(*Continued from page* 723)

sumers found themselves pretty well covered for their immediate needs. Some correction in price has already been effected.

The industry is putting aside its previous hope for materially advanced prices in this quarter. As a matter of fact, the irregular flow of incoming new business has stiffened the competition among the steel makers, many of whom are seeking orders more aggressively and can be induced to make a concession to the buyer here and there. The automobile manufacturers are now placing their orders for steel that they will use during the first half of the year and are quite energetic in their attempts to close contracts lower than the current quotations. As it happens their largest requirements are in sheets which are in a stronger position than other items, but even here it is admitted that some concessions have been granted. Taking all factors into consideration, however, demand is satisfactory; production is high enough to satisfy the steel makers, and the first quarter should be a good one.

PETROLEUM

Price Scale Raised

With the daily average production of crude oil below 1.9 million barrels as compared with 2.38 million at the peak of production in 1925, the anticipated price advances have materialized. In the Mid-conti-

nent field advances of 25 cents a barrel have recently gone into force and premiums are being paid over the posted prices in other sections. Now that the refineries are paying more for the crude, the price structure of refined products has been increased in proportion, except in a few sections where the refiners are especially desirous of working down their stocks on hand. Thus, the almost unbroken rate of decline in output since May 1925 has forced the price structure of the industry to a higher level.

The conservative element in the industry was most anxious to postpone this revision as long as possible because of the supply of refined products on hand. Price advances are more seasonable in the early Spring. However, a point has been reached where the normal balance between supply and demand for the crude oil has been thrown off and the corrective measure of a price advance, which the industry has always depended upon in the past, became necessary to assure a future supply of crude in an amount sufficient to meet the normal rate of increase in consumption.

It seldom happens that the petroleum industry has been favored with the combination of a large supply of crude and refined products in storage together with advancing prices. The former usually forecasts a lowering of the general price structure. This is the combination, which the industry enjoys at the present time, however, and which is a good foundation for a prosperous year. The only disturbing factor is the possibility of the higher prices stimulating new production before the Spring demand starts to work off the refined surplus. This possibility is remote and the outlook for the industry this year continues to be very encouraging.

METALS

Irregular and Less Active

The non-ferrous metals have been quite irregular in both price and the volume of transactions taking place. Copper continues the leader of the group and is stronger than the other metals. In spite of the fact that, for the first time in many months, transactions were effected in fairly large volume at a shade under 14 cents a pound, it seems reasonably certain that the red metal has hit bottom and can be expected to show its ability to recover from the price slump in the not distant future. It is signicant that when copper was offered under the 14 cent mark, a remarkable buying interest was shown for foreign account. For a time it looked as though the foreign consumers had gone out of the market entirely but not so when the metal appears at a cheap quotation. It is also quite evident that not much copper is available at the lower prices, for it runs up as soon as the heavier buying appears.

How long this deadlock between the foreign buyer and the consumers will continue is, of course, problematic. One thing is clear. The sellers can do well enough on the constantly expanding domestic demand; consequently they are prepared to resist price declines by withholding their metal from the market when the quotations ease off too far. In the meantime, the actual needs of the foreign users of copper are accumulating and must be filled either at the current quotations or at advanced price in the future. Copper is not bolstered by the other non-ferrous metals, which are generally irregular with some signs of weakness. Zinc is now selling more nearly in line with the foreign market and should work into a firmer position. Lead is easy and tin is weak and irregular.

Commodities Section

Cotton—Wheat—Corn

COTTON Cotton rarely presents a featureless market, but for the last fortnight it has not been other than a quiet technical affair. Trading has been at the lowest ebb of the crop year. This exceptionally small volume of trading has been remarkably low, not only as an absolute quantity, but especially so in view of the record size of the crop. The reason for this singular state of affairs is that we are now between 1925 season and 1926 season crops. Crop of 1925 visible supply is steadily diminishing. Southern hedge selling was, therefore, conspicuous.

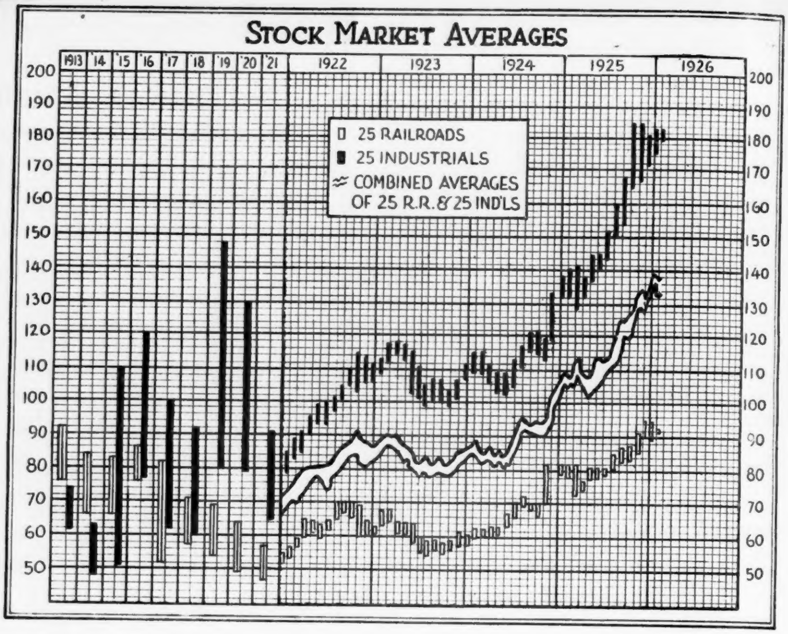
While acreage planted for next crop is wholly undeterminable at this time, technical market considerations are governing futures. Market has disclosed a strong undertone, due to heavy accounts on both sides of the market for March delivery. In preparation for Feb. 23d, first notice day, a pronounced shift has begun to May and July. Steady purchasing for mill consumption has also raised prices. Lancashire demand was quiet, with unfavorable trade news. Admittedly a stimulation of Liverpool demand in this dull market might have a sharp favorable influence on prices.

March options closed 20.45, May 19.89, July 19.18 and October 18.31. The last is still seesawed by opposite reports concerning weevil increase on the one hand, and a belief that acreage will not be reduced on the other.

WHEAT After continued recessions from recent high levels, news of torrential rains in the Argentine temporarily served as a support to futures. Liverpool bid up Manitobas with consequent favorable reaction at Chicago. Nevertheless volume of trading has been very small. Pit traders continue bearish, especially in view of fundamentally restricted export demand. Naturally this weak market in

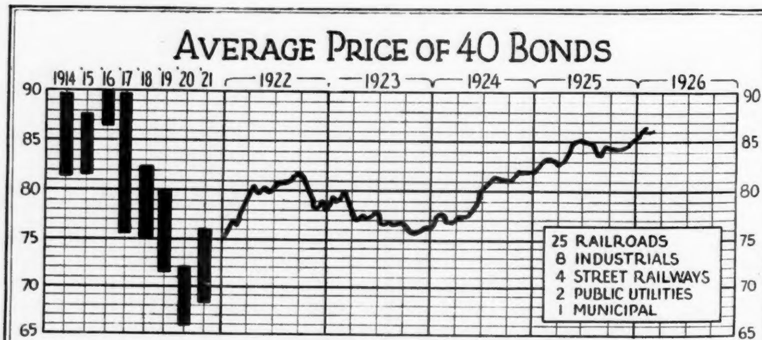
futures has been reflected in a relatively stronger position for cash grains. May closed at 1.75 and July at 1.53, whereas No. 2 hards sold at 1.83 for cash. Still larger spreads are reported from outside Chicago. Certainly after promising to rival the record market of last year, May and July have shown a curious inability to get far in either direction from the level of 1.75 and 1.55. This is in accordance with our position, which has been maintained despite all other surface indications.

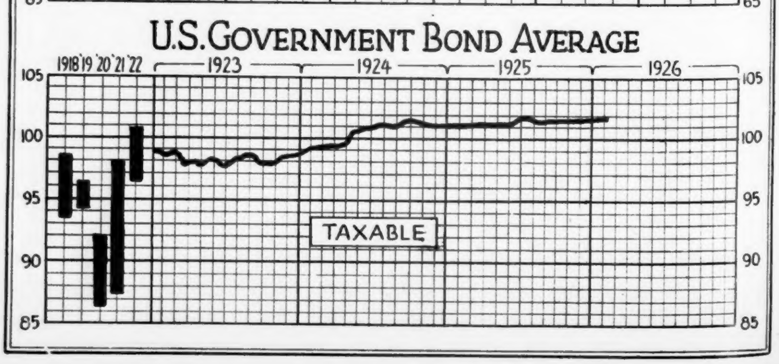
CORN In the last two weeks few changes have characterized corn, and July and September have closed at 86 and 88 cents respectively, or exactly at the level reported in our January 30th issue. Cash grain (No. 2 yellow) commands 82 cents. Favor is still shown distant maturities. But cash grain is showing more evidences of strength. Both primary arrivals and shipments have materially increased. Difficulties in lake navigation have brought about fears that too large a quantity may be put into storage, and later released beyond absorption capacity of market. As yet this fear has not been reflected in futures quotations.



MARKET STATISTICS

	N.Y.Times 40 Bonds	Dow, Jones Avgs. 20 Indus.	20 Rails	N. Y. Times 50 Stocks High	Low	Sales
Thursday, Jan. 21.	86.10	153.20	108.26	135.14	132.49	1,441,445
Friday, Jan. 22...	86.11	154.26	109.30	134.21	132.60	1,402,952
Saturday, Jan. 23..	86.16	155.16	109.00	134.61	133.05	744,898
Monday, Jan. 25...	86.37	155.28	109.83	135.50	134.07	1,210,793
Tuesday, Jan. 26..	86.16	154.63	109.93	135.70	134.13	1,205,388
Wednesday, Jan. 27	86.24	156.46	109.78	136.09	134.07	1,586,885
Thursday, Jan. 28.	86.37	157.20	110.21	136.59	135.31	1,554,654
Friday, Jan. 29....	86.44	157.35	111.32	136.95	135.39	1,822,244
Saturday, Jan. 30.	86.49	157.44	111.36	136.65	135.92	853,312
Monday, Feb. 1....	86.43	156.83	110.42	136.87	135.36	1,491,565
Tuesday, Feb. 2...	86.47	157.95	111.25	136.61	135.45	1,295,757
Wednesday, Feb. 3.	86.37	159.40	111.03	137.83	133.24	1,812,918





HOW TO SELECT MINING SECURITIES

(*Continued from page 746*)

pocket and putting them into another.

In the accompanying table is a list of ten mining companies whose stocks may be designated, without any mental reservations, as sound mining investments. Anaconda is considerably more than a mere mining property. It is engaged in a variety of enterprises allied to the mining industry, including control of the American Brass Co., which is the world's largest producer of brass. Anaconda is in the lumber business, the spelter business, the lead business, it is one of the largest producers of silver in this country, in fact the total list of its activities is exceedingly long and shows an extremely wide variety.

International Nickel not only mines and smelts nickel ores—it is the world's largest producer of that white metal—but also turns out nickel rods and sheets from its own mills. In view of the fact that International Nickel should show something like $3 a share earned in 1925, and its prospects are for not more than $4 a share this year, the fact that its stock sells on a 4.4% return basis is something of a mystery.

American Metal is not generally classed as a mining company, as it does a very large business in metals in addition to the metals it produces. This company, however, is a very active factor in copper and the price of its stock is sensitive to the price of copper metal.

Newmont Mining is a holding company and produces no metal itself. But its holdings are mainly in mining securities and its management is that of experienced mining interests.

New Jersey Zinc is the king-pin of the zinc, or spelter, producers and St. Joseph is the largest producer of lead in the United States.

Conclusion

In concluding this discussion of mining investments let me again emphasize the fact that mining prospects are not for safety and income investors. For the latter the securities of long established well managed companies with low operating costs and definite futures are the best, in fact the only kind of mining securities which they should consider. Such securities should be bought only when the metal market outlook is favorable.

If the investor will follow the few simple suggestions in this article, he will find that investing in mining securities is no more hazardous than investing in other securities which are popularly supposed to be fundamentally much more safe. There are excellent returns to be made in mining investments, but only for the individual who will take the trouble to study the subject.

RAYON STOCKS AS INVESTMENTS

(*Continued from page* 722)

Earnings for the six months ended June 30, 1925, are stated to have been at the annual rate of $1.50 a share on the 581,195 shares of Industrial Fibre, of which Industrial Rayon was to control not less than 394,000 shares. On the basis of complete ownership of the Fibre company by Industrial Rayon, this would be equivalent to over $4 a share on the stock of the latter. Earnings for the full year 1925 are stated by the president of the company to have been at the rate of $2.22 a share after interest, depreciation, taxes, etc.

Current prices around 18 *a share are only* 3½ *to* 4½ *times estimated earnings, but the uncertainty as to the extent to which the company owns the operating subsidiary and the above statements as to quality of product detract materially from the attractiveness of the stock.*

SNIA VISCOSA

This company is in some ways the most interesting of the rayon manufacturers whose stocks are available on the New York market. It produces about 75% of the rayon made in Italy. Because of the limitations of its home market, it is compelled to find export markets for the major part of its production. Last year it sold 400 million lire worth of stock, bringing its capitalization up to one billion lire, the proceeds going toward the development of "sniafil" and the doubling of its rayon capacity from an estimated 20,000,000 pounds in 1925. The new equipment was expected to have been ready to start operations in December of last year.

Last year a representative of the company came here to look over the market for sniafil and to prepare for American production of the new material. Shortly after his arrival American bankers sold to the public 800,000 depositary receipts representing 200-lire (par) shares of Snia Viscosa at $16 a share. The stock has not sold above that price and has been as low as 15¼, and is now about 15½.

Earnings, dividends and production in pounds of rayon for the past three years (1925 partly estimated) show the expansion which is characteristic of the industry:

Year	Capital. Lire —In millions—	Net Profits. Lire —In millions—	Dividends. Per Cent	Production. Pounds of Rayon (In millions)
1923....	279	28	8	6
1924....	600	60	10	11
1925....	1,000	140	12.5	19

Taking the lira at 4 cents, 1925 profits would be at the rate of $1.12 a share, although the increased capitalization was put out in order to obtain production and profits which will not appear till 1926. Considering the

(*Please turn to page* 774)

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The principles of bond investment are outlined in non-technical language in this booklet issued by a member of the New York Stock Exchange. Ask for your free copy, No. 365.

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Kardex Institute, an organization for research in methods of business management and control, has published in this bulletin the methods of an outstanding leader in business. Send for your free copy to 349.

8% AND SAFETY

Write for the latest edition of this attractive booklet, which explains how first mortgage real estate bonds are underwritten and protected and also describes an investment that will well repay your thorough investigation. Ask for 322.

PROFIT SHARING PLAN UNDER THE MAHLSTEDT-STEEN METHOD OF FINANCING

A plan of interest for investors combining Safety of Principal, Assured regular income, Return of principal, a continuing share in the profits. Ask for circular (361).

BUILD YOUR INCOME ON PROSPERITY'S PATH

This booklet tells you of the wonderful investment opportunities offered by the marvelous growth and prosperity of Miami, Fla. Send for your free copy. (325)

THIRTY-FIVE YEARS OF PERSONAL SERVICE

Are you seeking a location for your plant? If so, send for this interesting booklet which will be sent free without obligation. Ask for 346.

INVESTMENT FEATURES OF CO-OPERATIVE APARTMENT OWNERSHIP AT JACKSON HEIGHTS

A valuable booklet prepared by the Queensboro Corp., which shows the moderate cost and advantages to be derived from owning your own home in a beautiful section a short distance from New York City. Ask for (336).

dependence of Snia on export markets, which are subject to tariff hindrances, double production may not mean double profits. The negative side of the outlook for sniafil has been described above. It must not be forgotten, also, that the company is after all a European industrial, paying dividends in lire which while now stable may not continue so.

In view of the above, current prices around 15½ to yield 6.40% do not seem out of line.

Keep Posted

The books, booklets, circulars and special letters listed below have been prepared with the utmost care by business houses of the highest standard. They will be sent free on request, direct from the issuing house. Ask for them by number.

We urge our readers to take full advantage of this service. Address, Keep Posted Department, Magazine of Wall Street, 42 Broadway, New York City.

6% AND SAFETY LIST

For over fifty years we have been assisting investors in the selection of sound securities and our information department has recently compiled this list which we will send you free. Ask for (313).

STANDARD OIL BOOKLET

We have available a limited supply of the new 23rd edition booklet containing financial statements, dividend records, annual reports for 1924, price ranges, etc., of the Standard Oil group, together with an engineer's report on their acreage and oil reserves. Send for your free copy (219).

THE PRUDENCE PARTIAL PAYMENT PLAN

An interesting booklet describing how guaranteed first mortgage Prudence Bonds may be purchased in small installments. Special features of the booklet are the chart which shows how money grows and the fact that the paritial payments draw 5½% interest. (316)

WHY A "NATIONAL UNION" FOR SAFETY

If you are seeking first mortgage bonds that are guaranteed—that are insured—that are protected—send for your free copy of this interesting booklet. Ask for 356.

BOND RECORD

A convenient record book for listing bond holdings, interest payments, profits, etc. Title heading of book, "My Investments." A limited number is being distributed gratis by a leading Bond House. (285)

THE BACHE REVIEW

By reading this timely booklet but ten minutes a week you will be able to judge the market more accurately. Sent for three months without charge. (290)

USE OF OPTIONS

The exceptional profit possibilities in Stock Options and their uses to supplement margin and for protection against losses in the Stock Market fully explained in a free circular. (284)

THE PARTIAL PAYMENT

method of purchasing good securities in odd lots and full lots on convenient terms is explained in a free booklet issued by an old established New York Stock Exchange House. (224)

POWER AND LIGHT

Send for this booklet describing the phenomenal growth of the public utility industry. Ask for 352.

New York Curb Market

IMPORTANT ISSUES

Quotations as of Recent Date*

Name and Dividend	1926 Price Range High	Low	Recent Price
Amer. Gas & Elect. (1)	99⅝	80	94
Amer. Super Power A (1.5)	37⅞	33¼	34
Amer. Super Power B (1.5)	39	34½	34¾
Centrif. Pipe (1)	26½	23	24
Cities Service new (1½)	38⅛	37⅝	38¼
Cities Service Pfd. (6)	84	83¾	83½
Continental Baking B	30⅛	23¼	26½
Continental Baking Pfd. (8)	99⅞	97	99⅞
Curtiss Aero	23⅛	20⅜	21
Curtiss Aero Pfd.	87¾	80	87⅛
Devoe & Reynolds B	101½	91	101⅛
Durant Motors	13¾	11⅞	12¾
Elect. Bond & Share (1)	86	78	80
Electric Investors	74½	66	69½
Electric Refrigerator	90½	78	81
Ford Motor of Canada (10)	625	620	620
General Baking A (5)	79½	71¾	73
General Baking B	17⅞	14	15
General Ice Cream (2)	56⅝	52⅛	54
Gillette Safety Razor (3)	113¾	106½	109
Glen Alden Coal (7)	166	138½	151
Goodyear T. & R.	38¾	33⅛	37¼
Gulf Oil (1½)	93¾	86½	90
Happiness Candy Str. (50c)	8¼	7½	7½
Horn & Hardart	62⅞	57½	59
Hecla Mining (1)	18	17¾	18
Intern. Utilities	9⅞	7¼	8
Kelvinator (2)	89¾	78	83
Lago Oil & Transp.	25	21	25¼
Lago Petroleum	12¾	10⅛	12½
Land Co. of Florida	47¾	40	42½
Lion Oil & Ref. (2)	25½	24	24
Metro Chain Stores	50½	43	43
Miller Rubber new (2)	40	36	40
Mountain Producers (2)	26	23¾	24¾
Nat'l Power & Light new	38⅜	34⅝	35
New Mex. & Ariz. Land	17	13½	13½
Nipissing (60c)	7½	6¼	7
Nizer Corp. B (1)	89⅞	76	80¾
Northern Ohio Power	26⅛	15⅞	24
Reo Motor	25⅜	23¾	23¾
Rickenbacker Motor	9½	7½	7⅝
Salt Creek Producers	36	31¼	33
Servel Corp. A	30½	26½	28
Southeast Power & Lt. new	46¾	40¾	41⅜
Southern Dairies A (4)	55	48	52⅛
Southern Dairies B	36¾	26¾	36⅛
Stutz Motors	37¾	29	33½
Trans Lux	14	12	12¾
Tubize Artif. Silk	240	200½	228
Tobacco Products Export	5	4¼	4⅜
Union Carbide (5)	83⅛	77¼	83½
Victor Talking Machine	97⅜	87½	90⅛
STANDARD OIL STOCKS			
Continental Oil (1)	25⅞	23⅜	24
Humble Oil (1.20)	99⅝	87¾	94
Intern. Petroleum (50c)	35¼	32	34⅛
Ohio Oil (2)	66⅝	63⅛	65⅛
Prairie Oil & Gas	60¼	55	59
S. O. of Indiana (2½)	70⅛	65¼	67⅜
S. O. of New York (1.40)	47¼	35¾	36⅛
Vacuum Oil (2)	109⅜	103½	106

* Dividends quoted dollars per share, Jan. 20.

TRANSACTIONS on the New York Curb Market show a confused trend in prices especially in the industrial group where the irregularity is most marked. Oil shares have been quite firm, some of them notably strong. With the larger operating profits from the rather general price increases, both the refiners and the producers face a good outlook. A stronger movement in the oil shares is not unlikely in the near future. The deadlock in the coal strike is bringing more and more fuel and power requirements to the use of oil.

The activity of *Trans-Lux* during the past few weeks has attracted the attention of Curb traders who are interested in low priced issues with favorable long range prospects. The *Trans-Lux Day Picture Screen Corporation* completed a number of years of laboratory development on daylight picture screens produced by a secret process from a chemical base, and started to merchandise their product in a large way about six months ago. Today the Trans-Lux screen is a permanent equipment in about 300 brokerage houses where it is used to reproduce ticker quotations for the convenience of customers in the board room. It also serves a similar function on the trading floor of the New York Stock Exchange, the New York Curb market and other exchanges. Together with a special projector sold by the company the Trans-Lux screen is used in the lecture rooms of over 3,000 schools and colleges and the leading universities of the country.

The features of the Trans-Lux screen itself make it desirable for a wide variety of uses. It reproduces a picture in strong natural or artificial light from an ordinary projector; the screen has minute corrugations and the object thrown from the rear becomes a part of the screen itself instead of merely being reflected from the screen. Consequently it can be viewed from any angle without distortion and gives the pleasing effect of a third dimension of space. Originally designed solely as equipment for moving picture theatres, its use in daylight advertising mediums, brokerage customers rooms and lecture rooms has provided a large demand and its most profitable field has not as yet been exploited. As the picture must be thrown from the rear of the screen to produce the most pleasing effect, a construction problem confronts the movie picture manager whose theatre may have originally been built with the projector in the front of the house. This objection has been partially removed by a series of special lenses reducing the necessary space at the rear of the screen and new theatres, such as the new Roxy Theatre in New York, are constructed to be able to use the Trans-Lux screen.

The Trans-Lux Corporation is capitalized with 600,000 shares of no par value stock, all of which is listed on the Curb. Other than a small mortgage on its Brooklyn plant and a few accounts payable it has no outstanding obligations and has ample resources in the treasury to continue the successful exploitation of its product. Earnings of the company have been only nominal so far but potentially are large. The stock is widely distributed here and in Europe and has attractive speculative prospects for a long pull.

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RAILROADS ANTICIPATE ANOTHER PROSPEROUS YEAR

(*Continued from page* 711)

on an actual guaranteed rental basis.

On the other hand, many of the stronger roads have reached a position where they may well see fit to give shareholders a larger participation in profits, independently of possible merger developments. Several such dividend increases materialized last year and all indications point to the ability of these roads to sustain these increased rates of payment.

It is possible that some recession in general business later in the year will tend to cut down the aggregate volume of freight traffic. For the first half year, however, railroad managements have expressed confidence in a continuation of heavy traffic. Even granting the possibility of a recession later on, the financial condition of the carriers has been strengthened to such an extent as to leave little room for uneasiness on the part of shareholders in the strong groups.

Financing By Common Stock

Finally, the credit standing of many roads has reached the point where further financing may soon take the form of common stock flotations. Heretofore, it has been difficult for the railroads to attract new capital except through the medium of bond issues. This form of financing is obviously objectionable when carried to great lengths. The constant addition of fixed interest bearing obligations tends to burden the carriers with bond interest and sinking fund charges and results in a top-heavy capital structure.

Several roads were enabled to refund maturing bond obligation at lower interest rates last year, thus saving a larger share of net earnings for their stockholders. This year's program of improvements and additions to transportation facilities will involve an estimated expenditure of 750 million dollars. Doubtless some of the roads will endeavor to attract new investment capital to finance this program through the medium of common stock issues. As a forerunner to such financing, dividend payments must, obviously, be established on a basis to yield investors an attractive income return.

All these factors have been taken into consideration in rating the railroad stocks listed in the accompanying table. It might be well to point out, however, that these ratings are based primarily upon present and prospective yield. Several issues that may be regarded as having room for speculative price appreciation, therefore, have been rated "high enough" since, considered strictly as investments, these shares have a limited appeal at current prices.

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FOR INCOME BUILDERS
This booklet describes a practical Partial Payment Plan, whereby sound securities may be purchased through monthly payments of as little as $10. Shows how a permanent, independent income may be built through the systematic investing of small sums set aside from current earnings. Ask for 318.

LET YOUR MONEY EARN 6%
If you are a small investor, you cannot afford to risk your money in speculation. Place it in shares of one of the safest building and loan associations. Send for their booklet No. 293.

44 YEARS WITHOUT LOSS TO ANY INVESTOR
The well-known firm of investment bankers who bring out this booklet have endeavored in the 1925 edition to present a comprehensive story of the business methods which for 44 years have insured the safety of all their underwritings to the end that no investor has ever suffered a loss or been compelled to wait even a single day for the payment of principal and interest upon his securities. (217)

ODD LOTS
A well known New York Stock Exchange firm has ready for free distribution a booklet which explains the many advantages that trading in odd lots offers to both small and large investors. (225)

TWO TO FOUR PER CENT EXTRA
This booklet presents the series of examples, tables, charts and diagrams comparing eight per cent with four per cent and eight per cent with six per cent. All calculations were checked by certified public accountants. Send for your free copy 344.

CREATING GOOD INVESTMENTS
This 8-page booklet, issued by one of the largest first mortgage real estate bond houses, shows you how to "check up" first mortgage real estate bonds. Send for (264).

A QUESTION ANSWERED
An extremely interesting illustrated booklet explaining how a stock exchange firm handles out of town business. It shows how orders are treated from the time the letter arrives to the final placing of the certificates purchased. (278)

"RULES FOR SAFE INVESTMENT"
Knowledge gained over a long period of years makes it possible to determine whether a given spot in a city will have a growth in property value which will be steadily increasing. This is only one of the important factors of safety of Real Estate Bonds which are explained in this booklet. Ask for 327.

THE REAL ESTATE INVESTMENT OF THE FUTURE
Mr. Fred F. French, one of the country's foremost real estate authorities, has explained the operation of the French Plan in the above mentioned book. Send for your free copy (348).

FIFTY-THREE YEARS OF PROVEN SAFETY
An interesting and handsomely illustrated booklet describing the investment principles which have made possible the record of "No Loss to Any Investor in Fifty-Three Years" for owners of Smith Bonds. Ask for (326).

HOW MUCH SHOULD YOUR MONEY EARN?
Let this well-known first mortgage real estate firm explain to you the reason why Southern Bonds earn more. Send for your free copy (307).

THE FORMULA FOR WEALTH
The conservative plan explained in this simply-written booklet, if followed, will surely lead you to wealth. Ask for 351.

HOW TO JUDGE SOUTHERN MORTGAGE BONDS
This free booklet contains the net of this old-established Company's experience in the First Mortgage Investment Field in the South. Ask for (302).

MORE SALES
This booklet tells you how you can increase sales, collections and inquiries with genuine personal human letters written on the Hooven Automatic Typewriter. Ask for 353.

Important Dividend Announcements

DEVELOPMENTS of special character were slight. One or two companies came to the fore by declaring a stock dividend or by resuming dividends: Nash Motors, in line with the liberal policy it has always pursued regarding stockholders, declared a 900% stock dividend. Savage Arms invaded the ranks of the income payers by putting its common stock on a $4 annual basis. Brown Shoe paid a quarterly dividend of 50 cents on its new stock. As this company recently split its common on the basis of three shares for one, the annual rate of $2 on the new stock represents $6 on the old stock, an increase of $2. U. S. Steel declared the regular quarterly dividend of $1.25 and the usual extra of 50 cents.

Note—To obtain a dividend directly from the company the stockholder must have his stock transferred to his name before the date of the closing of the company's books.

Ann'l Rate		Amount Declared		Stock Record	Payable
$4	Amer. Metals cm...	$1.00	Q	2-18	3-1
$4	Am. Radiator cm....	$1.00	Q	3-15	3-31
5%	Am. Tel. & Cable..	1¼%	Q	2-27	3-1
7%	Artloom Corp. pf....	1¾%	Q	2-18	3-1
$6	Asso. Dry Gds. 1 pf.	$1.50	Q	2-13	3-1
$7	Asso. Dry Gds. 2 pf.	$1.75	Q	2-13	3-1
$4	Borden Co. cm......	$1.00	Q	2-16	3-1
—	Borden Co. cm......	$0.25	EXT	2-16	3-1
$5	Brill, J. G., cm.....	$1.25	Q	2-23	3-1
$2	Brown Shoe cm.....	$0.50	Q	2-20	3-1
$6	Calif. Packing	$1.50	Q	2-22	3-15
$7	Cent. Ribb. Mills pf.	$1.75	Q	2-20	3-1
$4	Chic. Yellow Cab..	$0.33⅓	M	2-20	3-1
—	Childs Co. cm......	1%	STK	2-26	4-1
$2.40	Childs Co. cm......	$0.60	Q	2-26	3-10
7%	Childs Co. pf.......	1¾%	Q	2-26	3-10
7%	Cong.-Nairn pf.	1¾%	Q	2-15	3-1
$7	Consol. Cigar pf....	$1.75	Q	2-15	3-1
7%	Curtiss Aero. pf....	3½%	SA	2-15	3-1
7%	Deere & Co. pf.....	1¾%	Q	2-15	3-1
—	Deere & Co. pf. acc	½%	—	2-15	3-1
7%	Duquesne Lt. 1st pf.	1¾%	Q	2-15	3-15
$2.40	Fair (The) cm......	$0.20	M	2-18	3-1
$7	Fair.-Morse pf	$1.75	Q	2-15	3-1
$7	Federal M. & S. pf.	$1.75	Q	2-25	3-15
—	Federal M. & S. cm.	$10.00	—	2-25	3-16
—	Fed. M. & S. pf acc.	$7.25	—	2-25	3-9
7%	Frank. Simon pf....	1¾%	Q	2-18	3-1
5%	General Asphalt pf..	1¼%	Q	2-13	3-1
$3	General Pete. cm....	$0.75	Q	2-15	3-15
$4	Goodrich, B. F., cm.	$1.00	Q	2-15	3-1
$2½	Hartman Corp.	$0.62½	Q	2-17	3-1
$7½	Hayes Wheel pf....	$1.87½	Q	2-23	3-15
$3	Hayes Wheel cm....	$0.75	Q	2-23	3-15
—	Hayes Wheel cm...	$0.25	EXT	2-23	3-15
$2	Indian Motocycle ..	$0.50	Q	2-15	3-1
$2½	Inland Steel cm....	$0.62½	Q	2-15	3-1
7%	Int. Agr. prior pf..	1¾%	Q	2-15	3-1
$2	Int. Comb. Eng.....	$0.50	Q	2-15	2-28
$6	Int. Shoe new pf...	$0.50	M	2-15	3-1
—	Jones & Laughlin cm	1%	INIT	2-15	3-1
$4	Lima Loco. cm.....	$1.00	Q	2-15	3-1
$2	Martin-Parry	$0.50	Q	2-15	3-1
7%	Mid-Cont. Pet. pf..	1¾%	Q	2-15	3-1
—	Nash Motors cm....	900%	STK	2-11	2-19
$7	Nat'l Biscuit pf....	$1.75	Q	2-11	2-27
$7	Nat'l Cl. & Suit pf.	$1.75	Q	2-24	3-1
7%	Nat'l Lead pf......	1¾%	Q	2-19	3-15
$7	New Or. Tex. & Mex.	$1.75	Q	2-18	3-1
6%	N. Y. Chic. & St. L. cm.	1½%	Q	2-15	4-1
6%	N. Y. Chic. & St. L. pf.	1½%	Q	2-15	4-1
$7	Norf. & West. cm..	$1.75	Q	2-27	3-19
$2	Orpheum Circ. cm..	$0.16⅔	M	2-20	3-1
$4	Phillips-Jones cm. ..	$1.00	Q	2-20	3-1
$7	Pitts. Steel pf......	$1.75	Q	2-15	3-1
$7	Pressed Stl. Car pf..	$1.75	Q	2-24	3-17
4%	Reading Co. 1st.....	1%	Q	2-19	3-11
$4	Savage Arms cm....	$1.00	Q	2-15	3-1
$2	Skelly Oil	$0.50	Q	2-15	3-15
$2	Std. Oil of Cal......	$0.50	Q	2-20	3-15
$3	U.S. Hoff. Mch. cm	$0.75	Q	2-18	3-1
$7	U.S. Hoff. Mch. pf..	$1.75	Q	2-18	3-1
$5	U.S. Steel cm.......	$1.25	Q	2-26	3-30
—	U.S. Steel cm......	$0.50	EXT	2-26	3-30